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NEWS SUMMARY

GENERAL

Union action disrupts schools

Schools in at least 56 areas were disrupted as the National Union of Teachers stepped up its action over the Government's suspension of pay rise negotiations.

Many schools were reported to have closed at mid-day because NUT members were refusing to supervise lunch breaks. They were also refusing to participate in after-school activities or to use their own cars for school work.

The disruption will worsen as the rest of the NUT's 557 branches join the withdrawal of goodwill. Back Page

Turkish arrests

About 500 people have been taken into custody in Ankara for allegedly plotting terrorist activities. In Istanbul a curfew will mean the 5m residents staying indoors for 29 hours. Page 2

Body found

A second body was found near the Derbyshire quarry where 15-year-old Lorraine Underwood was found battered to death. Lorraine and her boyfriend were last seen alive on Easter Sunday.

Iran protest

Iran became the first non-Arab Moslem country to break off diplomatic relations with Egypt in protest at the Egyptian-Israeli peace treaty. Egypt retaliated by breaking with Iran.

Nicaragua battle

Nicaraguan troops backed by tanks and planes were fighting a pitched battle with Left-Wing guerrillas in the north-east city of Leon.

Rhodesia move

Bishop Abel Muzorewa, Rhodesia's first elected black Prime Minister, said he would press ahead with plans to form a new black-dominated coalition government despite the Rev. Ndabaningi Sithole's opposition. Page 6

Border 'vanished'

The border between Israel and the occupied West Bank and Gaza Strip "no longer exists, it has vanished forever," said Israeli Prime Minister Menahem Begin. Page 4

Oil fears subside

French naval authorities do not intend to pump out the heavy petroleum product carried by the Liberian-registered tanker Gino which sank off Ushant on Saturday. There is said to be no danger of coastal pollution. Page 2

Vatican post

Archbishop Agostino Casaroli, aged 64, was appointed the Vatican's Pro-Secretary of State, the Vatican's equivalent of Prime Minister.

Wigan winner

Dominic Wigan gave the Queen's horse Buttress at 25-1 in the 3.30 at Bath to achieve one of the longest-priced winning naps by any racing correspondent in recent seasons. Racing, Page 16

Briefly . . .

Appeal Court Judge Lord Justice Orr was "comfortable" in hospital with a broken leg and head injuries after being struck by a van as he left the High Court.

Four-man crew of an RAF helicopter are to receive gallantry awards for rescuing eight people from a crippled coaster off Scotland on Christmas Day.

Five gunmen snatched Pesetas 101m (£750,000) in a lightning raid on Madrid's central post office.

BUSINESS

Equities rise 3.4; Gilts firmer

● EQUITIES gained on revived optimism about a Conservative election victory, the FT 30-share index closing 3.4 higher at 551.3—1.4 off last Wednesday's record.

● GILTS improved on optimism about the April currency reserves and renewed strength in the sterling exchange rate. The Government Securities index closed 0.35 up at 75.34.

● STERLING closed 1.4c up at $2.0690, its trade-weighted index rising to 67.1 (66.5). Dollar's trade-weighted index closed at 86.3 (86.1).

● GOLD improved $1½ an ounce to close at $246½.

● WALL STREET was 1.22 down at 855.42 near the close.

U.S. economic index falls

● LEADING economic indicators index, designed to predict the future path of the U.S. economy, dropped 0.5 per cent in March, the third consecutive monthly decline. Back Page

● EUROCURRENCY loan planned for Electricité De France, in which Morgan Guaranty Trust Co. of New York will act as co-lead manager for the credit, is the latest indication that U.S. banks no longer oppose lower interest margins for lending. Back and Page 33

● HYSTER COMPANY, the leading U.S. mechanical handling equipment manufacturer, is to build a £30m factory in Northern Ireland which should employ 600 people. Back and Page 8

● BURMAH OIL has paid over £20m to buy in four laid-up tankers chartered from the U.S. transportation group, GATX. The move is designed to reduce Burmah's £23m operating deficit on shipping. Back Page

● RECOVERY in construction industry output achieved in 1978 is unlikely to be repeated this year, according to the National Federation of Building Trades Employers. Page 10

● DESPITE pay policies limiting inflation, wage increases are now the single most important factor raising present costs, according to a survey of manufacturing companies in London and the South-East by the London Chamber of Commerce and Industry. Page 10

COMPANIES

● TOOTAL, the UK-based textile and thread group, reports pre-tax profits of £21.1m (£21.77m) for the year ended January 31, 1979. Page 31 and Lex.

● JOHN LAING, the UK construction group, reports a fall in pre-tax profits to £14.76m (£16.02m) in 1978. Page 30 and Lex

● NESTLE GROUP hopes for a much better year in 1979, according to Arthur Fuerer, managing director of the Swiss parent company. Page 34

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Exchq. 10pc 1983	£97½	+	¼
Exchq. 12½pc '99	£47½	+	¾
Babcock and Wilcox	197	+	6
Barclays Bank	505	+	15
Benford Concrete	52	+	8
Boustead	88	+	4
Brooks Group	146	+	9
Brown (J.)	579	+	8
Clarke Nicholls	103	+	9
Crest Nicholson	104	+	6
De La Rue	500	+	20
Edwards (L. C.)	65	+	7
GEC	437	+	6
GUS A	432	+	8
Hambro Life	680	+	45
Hewitt (J.)	40	+	6
Hill Samuel Wrnts.	390	+	75
Imp. Cont. Gas	492	+	24
Intl. Thomson	407	+	9
Kitchen (R.) Taylor	213	+	23
Lloyds Bank	352	+	12
London Prov. Shop	258	+	8
MEPC	197	+	4
Magnolia Group	255	+	25
Manders	184	+	18
Myson	79	+	5
Sainsbury (J.)	350	+	12
Savoy A	97	+	4
Scottish Heritable	61	+	5
Stanley (A. G.)	234	+	8
Tricoville	93	+	12
Castlefield	360	+	12
Inch Kenneth	155	+	29
FALLS			
Bestair	46	−	9
Hill (C.) Bristol	58	−	9
Laing (J.) A	75	−	6
Mole (M.)	30	−	10
Parker Timber	158	−	9
Perry (H.)	171	−	5
Anglo American	344	−	12

Influence of far Left worries Labour

Callaghan warning of Tory pay and price 'catastrophe'

BY RICHARD EVANS, LOBBY EDITOR

With only two days of campaigning left before Thursday's general election, the Prime Minister launched his final bid last night to retain power with a warning that a Conservative Government which opted out of pay and price restraint would be a "national catastrophe."

In contrast, a confident Mrs. Margaret Thatcher, still with a comfortable lead in the opinion polls, was deliberately non-partisan in her final party political broadcast last night, and stressed her long-term vision of a country transformed by an incoming Conservative Government.

Labour leaders have decided to concentrate in the remaining 48 hours of the campaign on the two issues on which they believe they have had most impact—jobs and prices. But behind the scenes there was evidence yesterday of growing concern over the internal set-up of the party.

Although the Conservatives have not made as much of the issue as some Labour campaign managers had feared, the influence of the far Left is causing the gravest anxiety to senior Labour leaders.

Whatever the outcome of the election, the intention is to counter it by ensuring that local constituency Labour parties are not so easily taken over in the future.

It is now accepted that what has happened in seats like Newham North East and Sheffield Brightside, where far Left MPs have replaced moderates in safe seats, means that the party is steadily swinging to the Left. This could do permanent electoral damage unless checked rapidly.

The ultimate danger would be that the Parliamentary Labour Party, which still makes the vital choice of party leader and remains essentially moderate, would be so changed in composition that a candidate from the far Left would have a real chance of success.

Mr. Callaghan tried to meet the criticism of Labour Party extremism and the advance of the Left by emphasising on BBC radio that he remained firmly in charge of the party and intended to stay in office for a full Parliament, should Labour be re-elected.

"If anyone sets themselves up to be an extremist, I can assure you they are not going to push me around," he said on the Jimmy Young programme, following many letters on the subject from listeners.

The Prime Minister claimed that the issue of the far Left was "a hare that is trotted out at every election and which takes in a certain number of well-meaning people." But in his opinion it did not have the ring of truth about it.

He had been elected by the Parliamentary Labour Party, as would the next party leader. If

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Times journalists refuse to back foreign edition

BY CHRISTIAN TYLER, LABOUR EDITOR

TIMES NEWSPAPERS' hopes of producing a weekly international edition received a further blow last night when journalists voted not to co-operate with any attempts to print abroad.

The decision taken by the National Union of Journalists' chapel (office branch) followed an announcement that the Times management had abandoned its bid to print an overseas edition at a Frankfurt printing works.

The newspaper managed to run off "several thousand" copies on Sunday, but plans for a follow-up edition next Sunday have been dropped.

However, the Times management says it is still considering the possibility of an international edition, which would not be distributed in the UK, and it will be looking at alternative printing plants.

The journalists decided by a substantial majority not to work on the overseas weekly.

The motion, carried on a show of hands, read: "This chapel, believing that its most valuable contribution to solving the dispute at Times Newspapers lies in promoting a speedy, negotiated settlement of the differences between the printing unions and the management, resolves not to handle matter for the overseas weekly."

Earlier, the journalists had been addressed by Mr. William Rees-Mogg, editor of the Times, and were under the impression that the weekly venture had been called off, after the incidents in West Germany.

Mr. Les Dixon, president of the National Graphical Association, also addressed the journalists yesterday to explain his union's stance on new technology, and asking them not to write for the weekly.

Mr. Jake Ecclestone, Father (chairman) of the Times Chapel, said he was relieved that the chapel had reversed its earlier decision not to black the European weekly, inspite of an NUJ instruction to do so.

The NUJ meeting also decided to start talks with the print unions to reach a common policy on new technology as a prelude to further negotiations with management.

The Times finally admitted yesterday that it had ideas for a new approach to the NGA about the introduction of new technology. Hints may have have been dropped in the NGA's direction, but Mr. Dixon said last night that it had had no communication with the company.

He added: "If they are coming up with a new idea, I would very much like to see it."

The company is interested in a formula acceptable both to journalists—whom it wants to be able to use computer-linked keyboards — and to NGA printers.

It is ready to talk on the basis that, although all original work should be done by the NGA, sub-editors should be able to type directly into the computer when changing stories.

After 2½ years, the position between Times Newspapers, the NGA and the NUJ would be reviewed without any preconditions.

Yesterday, the main board of Times Newspapers met to consider the newspapers' future and the possibility of the new approach to the NGA.

Hazards of the West German venture Page 18

£26m Shell UK loss last year

BY SUE CAMERON

SHELL UK, the British arm of Royal Dutch Shell, made a £26.2m loss after tax on its operations last year compared with a £400,000 pre-tax profit in 1977.

The company said yesterday the loss was in part the result of its record spending on North Sea exploration and development. Profits had also been hit by poor demand for oil and chemical products last year and by weak prices.

The activities of the Shell UK group include offshore exploration and production in the North Sea and other British waters, oil refining, product marketing and chemicals.

Mr. John Raisman, deputy chairman and chief executive of Shell UK, said in London that 1978 had been a "poor year."

But he stressed that the company did not intend "to go on making a loss. Spending on offshore exploration and production had started to peak during 1978 and the group had had to pay substantial interest charges. Shells spending on offshore production development last year had been over £1m a day.

Group sales were £2.330bn compared with 1977's £2.457bn. Mr. Raisman said "fierce competition" had kept oil and chemical product prices "depressed" and there had been surplus capacity in many product areas.

Shell's chemicals business accounted for over half the total £26m loss. Earlier this month Shell Chemicals UK—part of the Shell UK group—announced a loss of £14.8m for 1978.

Shell UK oil, the refining and marketing section of the group, had a net turnover of more than £1.5bn last year and was said to have accounted for 20 per cent of oil product sales in the UK.

The company, which has twice raised the price of its petrol this year by 3p a gallon, said yesterday it would probably apply for another petrol price increase in June. The application would depend on whether or not the Organisation of Petroleum Exporting Countries announced further price rises.

Mr. Raisman attacked Lord Kearton, chairman of the British National Oil Corporation, for his suggestion that the oil companies should pay more tax on

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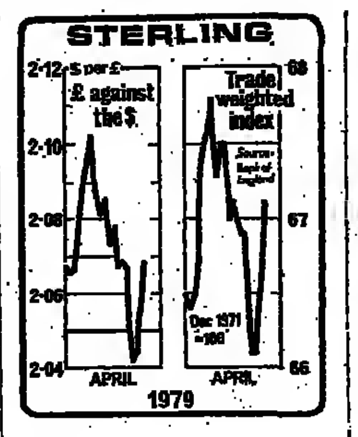
STERLING



£ gains in sharp rally

By Peter Riddell, Economics Correspondent

STERLING ROSE sharply yesterday against all other major currencies, including a firm dollar. It has now recovered all its losses of a week ago.

The trade-weighted index, measuring the value of sterling against a basket of other currencies, rose by 0.6 to 67.1. This followed a rise of 0.4 points on Friday.

The index is now in the middle of its trading range since the Bank of England stopped intervening on a large scale on April 5.

Foreign exchange dealers reported that business was not especially heavy. The recovery may have in part reflected a closing of last week's speculative positions against sterling ahead of the holidays in most Continental centres today.

The pound was weak at the opening but strengthened in the late morning after the appearance of West German demand and there was buying later in New York.

Sterling fluctuated between $2.0470 and $2.0715 before closing 1.4 cents up at $2.0690. Since its low point last Wednesday the pound has risen by 3 per cent against the Japanese yen, by 1.8 per cent against both the D-mark and the French franc and by 1.3 per cent against the dollar.

Market sentiment continues to be affected by uncertainties about the result of the general election.

The fall in the pound last week was in part blamed on a narrowing of the Tory lead in the opinion polls, and greater confidence about a Conservative win may have contributed to yesterday's recovery.

These factors are clearly influencing domestic markets. Short-dated gilt-edged stocks rose by ¾ of a point while some private investor demand pushed up the FT 30-share index by 3.4 to 551.3. This is within 1.4 of its all-time high.

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South Africa blacks may join unions

BY QUENTIN PEEL IN JOHANNESBURG

FAR-REACHING proposals for the overhaul of South Africa's racially-based labour legislation are expected to be tabled in Parliament today. Plans for black workers to join registered trade unions, and for statutory racial job reservation to be scrapped, are likely to be included.

The long-awaited first report of the Wiehahn Commission, set up in May, 1977, to review labour relations, is expected to lay down the broad principles which should determine a review of the whole industrial relations system, with the details to be given in subsequent reports. But its implementation will depend on the response of the Government and the ruling National Party, which has been further delayed.

Primary

Although the actual proposals of the commission, extremely sensitive in terms of both South Africa's domestic politics and its international relations, have been kept strictly secret, the general direction is clear.

The primary aim is to allow far greater mobility in the job market, permitting black workers to be promoted into skilled jobs, to cope with a growing shortage of white artisans. The South African Chamber of Mines estimates the current shortage at more than 10,000 throughout the economy, rising to some 50,000 within the next three years as the economy picks up.

Scrapping statutory job reservation would be a small step in that direction, although it affects only some 2 per cent of all jobs. More important would be some action to tackle the apprenticeship laws, which effectively exclude blacks from becoming apprentices in most industries. The other major stumbling block to black advancement is the closed shop, negotiated by all-white trades unions throughout South African Industry.

Opening

The commission may seek to dilute such agreements. A secondary aim of the commission is to allow some channel for the growth of black aspirations, in keeping with the need for faster black advancement—and incidentally counter the international pressure for labour reform through such means as codes of fair labour practice.

Opening up registered trade unions to black membership is intended to answer this, although observers here believe this may be permitted only within strict limits. Thus the rules for union registration may be so strict as to exclude most of the unregistered black unions, and thus allow black workers to join only the existing white-led registered unions.

Although the existence of racially-segregated trade unions would seem more in line with the basic apartheid ideology of the government, fear of a national black union movement into the political arena has made some government advisers incline towards white-led multi-racial unions.

Simultaneously Professor Nic Wiehahn, the commission chairman and special adviser to Mr. S. P. Botha, Minister of Labour, is known to want to promote a more "efficient" system of labour relations, which would play down the role of national unions, and encourage plant-based bargaining. Thus plant-based works and liaison committees may in future be allowed direct representation on national industrial councils, alongside trades unions.

Scandal bid

South Africa announced a new attempt to wind up the secret activities of the former Department of Information to prevent the scandal affecting more leading Government figures. Page 6

The expected recommendations of the commission imply a final recognition of the permanence of urban black workers in South Africa's "white" urban areas. "The African worker has become so integrated in our economy that he can no longer be separated from it," Professor Wiehahn said in a recent speech.

The proposed new system is also expected to increase the role of statutory bodies in industrial relations, as the means of resolving industrial conflict, and to enforce the protection of individual job rights, as opposed to racial job reservation.

£ in New York

—	April 27	Previous
Spot	$2.0500-0510	$2.0510-0520
1 month	0.23-0.18 dis	0.56-0.51 dis
3 months	0.80-0.75 dis	0.87-0.82 dis
12 months	2.30-2.20 dis	2.50-2.50 dis

هكذا من الأصل

EUROPEAN NEWS

Hundreds arrested in Turkey on eve of May Day rallies

BY METIN MUNIR IN ANKARA

SECURITY forces arrested 500 people yesterday as trade unionists prepared for large-scale May Day demonstrations throughout Turkey, in defiance of an army ban.

The martial law administrator in Ankara announced that "about 500 people" had been taken into custody for allegedly plotting terrorist activities. The precise charges against them have not been disclosed.

Seven prominent trade union leaders have already been jailed in Istanbul for defying the army's ban on May Day parades. The Istanbul martial law administrator has announced a curfew in the province from midnight Monday to 5 am Wednesday, including May Day. The 5m residents of Istanbul, Turkey's most populous city, will have to remain indoors for [illegible] hours.

Of Turkey's 67 provinces 19 are under martial law. A state of emergency was announced five days ago in the six eastern provinces where the population is predominantly Kurdish. Ankara seems concerned that unrest is possible among the strong Kurdish minority.

The recent crackdown is the result of a clash between the army and the Confederation of the Revolutionary Trade Unions of Turkey (DISK), Turkey's second biggest union federation, over May Day celebrations. The army, and Mr. Ecevit, appear to fear that the big rally planned by DISK at Istanbul's Taksim Square could become the target of terrorist attacks or get out of hand. Thirty-four people were killed at DISK's May Day rally two years ago when unidentified gunmen opened fire on the crowds. Last year's March was peaceful.

DISK maintained that it was exercising its democratic rights and would go ahead with the rally despite the ban "even if hundreds of thousands of people are arrested."

Last Saturday the army took into custody seven DISK leaders including Mr. Abdullah Basturk, the chairman, his deputy and secretary general.

May Day rallies have been banned in all of the 19 martial law provinces where half of the 45m population lives. More than 40 Left-wing unions and organisations, however, are planning a rally in the Aegean port of Izmir where there is no martial law.

Of the 500 people jailed in Ankara, most were secondary school students, according to the martial law command's announcement.

Norway rig deliveries fall

BY FAY GJESTER IN OSLO

DELIVERIES BY Norwegian industry to the offshore petroleum sector rose to NKr 3.9bn (£368m) last year—NKr 600m (£56.3m) up on a year earlier, according to a survey by Norway's Federation of Industry.

On March 1 this year, Norwegian industry had oil-related orders worth NKr 2.3bn in hand for 1979, but there is a trend away from production of platforms, supply boats and drilling rigs.

Overall figures indicate a fairly steady level of activity is being maintained. But a breakdown by sectors shows that in some areas, orders are rising, while in others they are stagnating or falling.

With the trend away from platform production, there is one towards goods and services needed for operations and maintenance offshore, including engineering and consultancy services.

Wine probe worries Burgundy merchants

By David White in Paris

SCANDAL IS afoot once again in the French wine industry with the opening of a legal inquiry into the affairs of a well-known Burgundy negociant, accused of exporting bottles which are one thing on the label and quite another thing inside.

The fraud case, involving 65,000 bottles of purportedly "appellation controlée" wine sold to the U.S., does not rank in dimension with the Bordeaux "Winegate" trials of five years ago. But it has hit one of the industry's proudest bastions — the slopes of Burgundy's Cote de Nuits.

Acting on "confidential information" from the U.S., the special anti-fraud squad based in Dijon intercepted a container load of 15,000 bottles at Chambolle-Musigny, one of the string of hamlets which lend their names to the prestige red wines of the west bank of the Saone river between Dijon and Beaune.

Not only did the wine not correspond with the description on the label, according to police, but it had also been mixed with white wine to give it a lighter texture. Taking into account another 50,000 bottles, the potential profit to the dealer from this gambit is estimated at about FFr. 1.5m (£170,000).

Of all business communities, wine growers and dealers are the first to ostracise a black sheep. Although the amount involved is only a fraction of Burgundy's annual output of more than 200m bottles of "appellation controlée" wine, the trade is worried about the impact the affair might have on exports.

But the dealer under investigation, M. Bernard-Noel Grivelet, has hit back at his offended colleagues with charges about other misleading practices—including an allegation that 80 per cent of them practice "coupage" or adulteration of fine wines with lesser products.

Honecker orders industry spending review

BY LESLIE COLITT IN BERLIN

EAST GERMANY'S President Erich Honecker has criticised the country's industrial investments which, he says, are often based on decisions taken "five or 10 years ago," that is, before the sharp rise in energy prices.

Such charges are especially serious in a centrally planned economy which imports 90 per cent of its oil from the Soviet Union.

Herr Honecker, who also heads the Communist Party, has directed that all investments planned for this year and 1980 are to be reviewed "project for project."

Speaking at a meeting of his central committee, Herr Honecker announced changes in the "method of operation" of the State Planning Commission, the Finance Ministry and other state agencies.

The recently created industrial combines are to be given greater responsibility, but Herr Honecker dampened hopes of decentralisation by adding that "democratic centralism in economic management" is to increase.

President Honecker accused unauthorised investments such as factory holiday camps and sports facilities of draining several hundred million marks annually from consumer goods production, and said: "We will put an end to this."

He said a list of priorities among industrial investment projects is to be drawn up, and their completion time is to be reduced from a third to a half. The "quality of management" is to be judged by how quickly investments result in a "growth in end product."

This could lead to unforeseen opportunities for Western engineering companies to build turnkey plants in East Germany, as these projects are guaranteed to be completed on time.

Herr Honecker recently went out of his way to praise a West German company for finishing its project ahead of schedule.

The East German leader also criticised electric power producers for failing to deliver enough energy to prevent shutdowns last winter, when brown coal supplies for power stations were frozen in open-cast mines.

He told his foreign trade officials that the far-reaching changes in international markets required greater flexibility. At the same meeting, however, Herr Gerhard Beil, the State Secretary for Foreign Trade, said the outlook for increasing exports to the West "has not improved."

East Germany's current indebtedness to Western countries has risen to some DM 15bn (£3.8bn).

Herr Beil emphasised the importance of trade with the developing countries, which now account for 5 per cent of East Germany's total foreign trade.

He said that in exchange for helping to bring in Angola's trucks, East Germany now obtains 20 per cent of its coffee crop with East German coffee from that country. In return for re-equipping damaged coalmines in Mozambique, East Germany is now receiving coking coal.

East Germany has also been wooing Libya, Iraq and other oil producers, but there have been few signs so far of deals entailing an exchange of East German technology for oil.

'No threat' to Brittany from wreck

By Robert Mauthner in Paris

THE FRENCH naval authorities do not intend to pump the cargo from the Liberian-registered tanker Gino, which sank on Saturday some 25 miles off the tip of western Brittany, after a collision with the Norwegian tanker Team Castor.

Experts confirmed yesterday that there was no danger of coastal pollution even if the Gino broke up, since the 41,000 tonnes of "black carbon" in its holds was heavier than water. A repeat of the pollution of the Brittany coast caused by the Amoco Cadiz disaster in March last year has been ruled out.

The slicks produced by fuel oil which escaped from the two tankers—only an estimated 2,000 tonnes of fuel oil leaked from the tankers—had practically disappeared yesterday, after being treated by chemical dispersants.

But three French ships will remain on the spot until tomorrow, in case there is further leakage.

French merchant navy officials have made it clear that they would not initiate a legal inquiry, since the accident took place outside French jurisdiction.

SCHLESWIG-HOLSTEIN ELECTIONS

Bonn tries to read the signs

BY ADRIAN DICKS IN BONN

THE MAIN West German political parties were trying yesterday to draw conclusions for next year's Bundestag elections from the neck-and-neck race in Schleswig-Holstein, which has left the Christian Democrats in power in the State with the narrowest of margins.

Dr. Gerhard Stoltenberg, Schleswig-Holstein's State Premier, said that government would "be no easier" in the new four-year period of office.

How closely the CDU avoided defeat in a State it has held for three decades is shown by the way the party's share of the popular vote fell from 50.4 to 48.3 per cent, while Dr. Stoltenberg's own constituency vote declined by a similar figure.

This erosion was masked by the CDU's retention of office in Kiel, but some factions in the party were quick to blame the loss of support on Herr Helmut Kohl, the national chairman.

He will be fighting hard in the coming months to retain his right to lead the CDU as Chancellor-candidate in the 1980 Bundestag campaign.

Already, it is apparently being forgotten by some of Herr Kohl's opponents in Bonn that he failed by only a few tenths of a percentage point to win an absolute majority of the popular vote for the CDU in 1976.

Dr. Gerhard Stoltenberg: 'government will be no easier'

Among the three main parties, Chancellor Helmut Schmidt's Social Democrats raised their share of the popular vote by 1.6 to 41.7 per cent, taking an extra seat in the Schleswig-Holstein State Assembly.

The Free Democrats, coalition partners of the SPD in Bonn and in other States, lost a seat and achieved 1.4 per cent less of the popular vote, leaving the two parties finally unable to try to build a coalition in Kiel.

This disappointment hit the FDP especially hard, depriving the Bonn coalition of a needed boost to morale.

It appeared that any SPD-FDP State Government in Schleswig-Holstein might have been something of a trial to Herr Schmidt in Bonn.

During the campaign, both parties had adopted positions hostile to nuclear energy.

This had forced even the conservative Dr. Stoltenberg to moderate his support of atomic power by declaring that Bonn alone was competent to decide whether or not Germany should abandon its plans for further nuclear plants.

The main result of Dr. Stoltenberg's victory will be to leave undisturbed the status quo in the Bundesrat, or Federal Upper House, where the CDU enjoys a majority that could otherwise have been reduced to a stalemate with the SPD-FDP coalition State governments.

By the same taken, the coalition will be obliged to go on relying on opposition support for the passage of contentious legislation.

Bulgarian leader calls for meeting with Tito

By Paul Lendvai in Vienna

IN AN IMPORTANT policy speech, delivered before the Bulgarian Parliament, President Todor Zhivkov vigorously rejected Yugoslav attacks against his country's foreign policy and called for a personal meeting with Marshal Tito to defuse what he called the "tension in Yugoslav-Bulgarian relations."

He was answering charges by the Yugoslav leader accusing Bulgaria of denying the existence of a separate Macedonian nationhood and the legality of the Macedonian constitutent republic within the Yugoslav federation.

President Zhivkov has now offered for the second time in less than a year to discuss the issue at a personal meeting with Marshal Tito. However, he put the blame for the deterioration of relations between the two Communist-run states on the Yugoslavs, accusing "certain circles" there of seeking a confrontation and interfering in Bulgaria's internal affairs.

He reaffirmed that Bulgaria has no territorial claims against anybody and that it also recognised the existence of the Socialist Republic of Macedonia and its adherence to Yugoslavia.

But Mr. Zhivkov categorically refused Yugoslav claims to the existence of a Macedonian minority living in the Pirin frontier region. The Yugoslavs maintain that, according to an official Bulgarian census in 1956, almost 200,000 Macedonians lived there and that this minority has simply "disappeared."

The Bulgarian leader has said no one from outside the country has the right to determine the national consciousness of the Bulgarian people and that such claims to a so-called "Macedonian minority" have neither historical, nor legal foundations.

The issue of Macedonia is bound to be an important topic on the agenda of the talks which President Tito is planning with President Leonid Brezhnev, the Soviet leader, next month. President Zhivkov's speech was clearly designed to pre-empt future Yugoslav polemics and to strengthen the Soviet bargaining position.

Mr. Zhivkov yesterday met Mr. Constantine Karamanlis, the Greek Prime Minister, on the island of Corfu. This is their fifth meeting since 1975

IFO reports marked rise in business confidence

BY ADRIAN DICKS IN BONN

WEST GERMAN business confidence increased appreciably in March, with a further strong push for new orders and a greater readiness by companies to raise prices, the IFO Institute of Munich reported yesterday in its latest monthly survey of manufacturing industry.

After a slight dip at the turn of the year, the IFO index of the business climate is back to the levels it reached last autumn—the highest since well before the 1973 oil price increases.

Businessmen reported an average of 3.2 months' worth of orders in hand last month, compared with the three months in December. For the first time, there were some reports from manufacturing companies of possible supply bottlenecks in the next few months. Up to now this has been reported only in the building sector, the main direct beneficiary from successive stimulatory packages.

In the key capital goods sector, the improvement was particularly marked. Machinery and mechanical engineering companies reported an average of 5.4 months' work in hand, compared with 4.7 a year ago, while those in the electrical engineering industry also noted a strong recovery.

The motor industry, which this summer will have achieved the feat of a sales boom which has lasted four years, is still showing no sign of weakening demand.

Commercial vehicle builders reported orders in hand of an average of 4.5 months, compared with 3.7 months a year ago, while passenger car makers reported orders in hand up from 7.4 months' work in March, 1978, to an unprecedented 8.1 months in March this year.

Suarez seeks to mend fences on two-day Algerian visit

BY DAVID GARDNER IN MADRID

SR. ADOLFO SUAREZ, the Spanish Prime Minister, left yesterday on a two-day official visit to Algeria. The trip is part of an initiative designed to stabilise Spain's relations with the Magreb states, and recover its fading credibility as an arbitrator in the Western Sahara conflict.

It will be complemented by the Spanish Foreign Minister's trip to Mauritania next month, and King Juan Carlos's state visit to Morocco in June.

The situation in the Western Sahara, a former colony which Spain partitioned in 1975 between Mauritania and Morocco, expected to take up a large part of Sr. Suarez agenda.

The Sahara has become a particularly live diplomatic issue following last week's reports from Libya that Mauritania would be willing to cede its portion of the former colony to the Algerian backed Polisario guerrillas, who are fighting for Saharan independence.

The Nouakchott Government, however, rejecting the Libyan statement, has said only that it "will accept the right to self-determination of the Saharans of Tiris el Gharbia (Mauritanian Sahara)."

Morocco, meanwhile, has restated that it will not tolerate a hostile government on its southern frontier and regards the Sahara question as solved by the 1975 agreements.

Sr. Suarez will stress that Spain seeks cordial relations with all its southern neighbours, and will offer mediation in the Sahara conflict, over which its relations with Algeria have become soured.

Algeria's opposition to the 1975 settlement led it to support the Canary Island separatist group MPAIAC, and to recall its ambassador in Madrid when Spain reached agreement with Morocco on fishing rights last year.

This agreement—the only ostensible gain for Spanish diplomacy from the 1975 settlement—has yet to be ratified by the Morocco Parliament, however. This is in marked contrast to Rabat's treatment of the Soviet Union, with which it ratified a fishing treaty almost immediately.

The Moroccans are believed to be holding this weapon in reserve against any future Spanish moves to recognise the Polisario Front. Further pressure could be brought to bear if Rabat decides to press its claim to Spain's North African enclave of Ceuta and Melilla, as it hinted last October.

The Polisario has been recognised by the Spanish governing party, the Union de Centro Democratico, though not by the Government. It is thought that Sr. Suarez will hold informal conversations with guerrilla representatives while in Algiers, in line with the shift in Spanish policy towards a negotiated settlement including the Polisario.

Dutch non-nuclear policy urged

BY CHARLES BATCHELOR IN AMSTERDAM

THE Dutch Labour Party congress has passed a number of strongly anti-nuclear motions at its three-day meeting here.

It called for Holland to leave NATO if the neutron weapon is introduced, and voted for closure of all Dutch nuclear power stations.

These decisions reaffirm the party's traditional anti-nuclear stance, but many of the motions signal a victory for the rank-and-file over the party leadership.

Labour (PVDA) is the largest party in Parliament, although failure to agree on a coalition with the Christian Democrats in 1977 pushed it into opposition.

The congress decided by a majority of 54 per cent of the votes to 46 per cent that Holland should remain a member of NATO.

But it called for Holland to assume a non-nuclear role, at the same time saying this should not lead to an increase in conventional weaponry.

The congress passed a motion calling for closure of nuclear power stations in Holland as soon as possible.

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David Satter examines the latest U.S.-Soviet prisoner exchange

Moscow yields to 'interference'

THE LARGEST exchange of prisoners ever arranged between the U.S. and the Soviet Union has confirmed that despite its protest, Moscow now accepts that foreign "interference" in Soviet internal affairs is an established fact.

East-West prisoner exchanges have, of course, occurred before, beginning with that in 1962 of Gary Powers, the U-2 spy pilot, for the Soviet agent Rudolf Abel. But last week's exchsnge of two Soviet spiea for five Soviet dissidents represented the first time that the Soviet Union has agreed to retrieve two of its spies by granting freedom, not to foreign agents, but to five of its own citizens.

Despite the extra difficulty of discouraging dissent when prominent dissidents are freed from orison and sent to the Weat, last week's events could also lead to further exchanges resulting in freedom for Anatoly Shcharansky and Dr. Yuri Orlov, two prominent members of the group which tried to monitor Soviet observance of the Helsinki accords.

When Mr. Leonid Zamyatin, a top Kremlin spokesman, was asked on Saturday, following Soviet-French talks, about the effect of the exchange on detente, he replied angrily that detente was a question of major issues and he had nothing to say to those who saw detente in such narrow terms.

However, it was almost certainly with an eye to the SALT 2 arms treaty and the effect of Soviet treatment of dissidents on Western public opinion, that plans were made for the release of the dissidents. Although they were traded for convicted spies, there was nothing in the charges against any of them to show they had ever had any connection with a foreign power.

The best known of them is Alexander Ginzberg, a veteran Soviet dissenter who has been in and out of labour camps since the 1960s, and was sentenced to eight years imprisonment in a special-regime labour camp last July after being convicted of anti-Soviet agitation and propaganda.

The five Soviet dissidents released in exchange for two Russian spies at their news conference in the United States. They are, from left to right: Alexander Ginzburg, Valentin Moroz, Eduard Kusnetsov, Georgi Vins and Mark Dymshyts.

Mr. Ginzberg was, with Mr. Shcharansky and Dr. Orlov, a member of the now all but suppressed Helsinki monitoring group. But the principal charge against him was that he helped to distribute copies of "The Gulag Archipelago," Alexander Solzhenitsyn's history of the Soviet labour camp system.

The two Jewish dissidents who were freed, Mark Dymshits and Edward Kuznetsov, were also jailed on charges which had nothing to do with espionage. They were sentenced to death in 1970 for their part in an unsuccessful attempt to commandeer a light aircraft at Leningrad Airport and to fly it to Sweden from where they hoped to go to Israel.

The sentences were later reduced to 15 years' imprisonment after widespread international protests. In 1971, Mr. Kuznetsov's "Prison Diaries" were published in the West. Five other Jews involved directly or indirectly in what became known as the "Leningrad Affair," were released from prison earlier this month during the visit to the Soviet Union of a delegation of U.S. Congressmen.

Another of those exchanged, Mr. Valentin Moroz, was a Ukranian historian jailed in 1970 for anti-Soviet propaganda. After six years in prison, Mr. Moroz was moved to an institute of criminal psychiatry. When the move was announced, 20 U.S. Sedators called on Mr. Leonid Brezhnev, the Soviet President, to allow Mr. Moroz to take up a post at Harvard University.

The last of the exchanged dissidents was Georgi Vins, leader of a faction which broke away from the officially sanctioned Baptist Church. He was jailed for inciting Soviet citizens to illegal actions. Just as he was about to be released last month, dissident sources said he had been sent back for a long prison term in Siberia after being held for seven weeks in a Moscow jail.

The five dissidents arrived in New York, amid intense publicity but the Soviet media carried no news of the return to Moscow of Valdik Enger and Rudolf Cheryayev, the two Soviet employees of the United Nations who were sentenced to 50 years each in New Jersey last October for receiving secret naval documents from a double agent.

The two men were met at Moscow airport by their families but Soviet officials refuaed even to acknowledge who they were to Western correspondents.

Mr. Zamyatin, the Kremlin spokesman, also declined in his Saturday Press conference to say specifically that the exchange had taken place. He said only that certain people wanted to leave the Soviet Union (this was not true in Mr. Ginzburg's case) and the Soviet Union wanted to get back certain people, so an agreement was reached.

It is believed that negotiations for the release of Mr. Shcharansky, and possibly Dr. Orlov, are taking place. It is speculated that a second exchange may be timed for a strategic moment to ease Senate ratification of the SALT 2 agreement.

Most observers believe that the release of other prominent dissidents will have a good effect on U.S.-Soviet relations but this remains only one of the factors that the Soviet authorities must bear in mind.

They may want good relations with the West, but releasing political prisoners to get it makes the consequences of dissent less frightening and affirms that the Soviet Union is not as resolute in rejecting attempts at outside interference in the legal process as it would like others to believe.

Ruling Liberals' popularity falls in Sweden

BY WILLIAM DULLFORCE IN STOCKHOLM

THE SWEDISH Non-Socialist parties are maintaining their lead over the Social Democrats with five months to go before the general election. The Liberals, however, whose minority Cabinet has been running the country since last October, have lost almost all the 3.5 per cent gain in the polls they recorded in March.

These are the most significant results of the latest opinion poll taken by the SIFO organisation. They had been awaited with special interest because the poll was taken in the period immediately following the pro-nuclear Social Democrats' about-face on nuclear policy.

After the accident to the Harrisburg nuclear power plant in the U.S., Mr. Olof Palme; the Social Democrat leader, agreed to the referendum on Sweden's nuclear programme, for which Mr. Thoerbjoern Faelldin, the Centre Party chairman, has been campaigning.

Mr. Faelldin's Non-Socialist coalition government broke apart last October.

The SIFO opinion poll does not reflect as large swings as had been expected after the Harrisburg accident and Mr. Palme's recognition of the growing anti-nuclear feeling within his own party. The centre Party gained 2 per cent to take 19 per cent of the poll, but the strongly pro-nuclear Conservatives, with 16.5 per cent, also advanced 1.5 per cent.

Lawyer set to win Ecuador presidency

THE POPULAR FORCES candidate, Sr. Jaime Roldos Aguilera, has taken an unbeatable lead of nearly half-a-million votes in the Ecuadorean Presidential election with 75 per cent of the unofficial count completed.

His opponent, Sr. Sixto Duran Ballen, has clearly failed to benefit from the virulent attacks by hard-line supporters trying to discredit Sr. Roldos and his Christian Democrat vice-president, Sr. Osvaldo Hurtado.

Sr. Roldos, a 38-year-old lawyer, is now certain of winning the Presidency with a comfortable margin over and above the absolute majority needed. Despite the determined efforts of conservative business groups to keep him out, the armed forces are apparently willing to go ahead with the handover, scheduled for August 10, Ecuador's Independence Day.

Although his plans for change are moderate rather than revolutionary, Sr. Roldos must convince the military that his government will be stable and will observe certain limits. After seven years of even a benign military dictatorship, the pressures for political participation, for radical income re-distribution and for investigations of corruption charges will be strong.

Full results of voting for 69 congressional representatives will not be available for some time.

Reuter adds: The polling appears to reflect a deep desire for social change in this backward nation where a seven-year all boom has not improved the lot of the country's poor.

Admiral Victor Garces, the Interior Minister has appeared on television and promised that the armed forces will hand over power to the official winner in August, and he praised his countrymen for the peaceful way in which the poll took place. About two million people—those literate and over 18—took part in the poll.

Sr. Roldos, interviewed on television last night, said Ecuador had voted for change. He promised to work for social justice and freedom as well as economic development.

Conservatives have denounced him as a marxist

COLOMBIA'S TWO BATTLES

The dual fight against drugs and guerrillas

BY SARITA KENDALL IN BOGOTA

PRESIDENT Julio Cesar Turbay Ayala's conduct of two major internal battles, against the urban guerrilla movements and the drug trafficking gangs, has won him grudging admiration from many Colombians who did not expect him to be so effective.

But equally, many bave been disagreeably surprised because the very measures allowing the security operations have also permitted repression on an extraordinary acale and have given exceptional powers to the armed forces.

Concern abont human rights in Colombia has heen expressed hy a hroad range of respected figures auch as the former conservative foreign minister and ambassador to London, Sr Alfredo Vásquez Carrizosa, and President Turbay's security legislation was savagely criticised at a forum on human rights held at tha end of last month in Bogotá.

Courts martial

Security decrees introduced last September under state of siege legislation soon after President Turbay took over, stepped up penalties for most forms of militant opposition and made "disturbance of the public order" an offence punishable with a minimum of one year's imprisonment. Many of these offences may be tried by local court martial, without appeal.

These and other measures paved the way for a war on Colombian guerrilla movements, which, though normally working in the mountains and jungles, had begun to increase its urban activity. M-19, an urban group believed by most to be a far Left nationalist movement was the prime target after raiding a barracks for thousands of weapons. Although the Minister of Defence is too cautious to claim that M-19 has been completely broken up — and a communiqué apparently issued by one of its leaders talks only of a severe blow to the movement — the damage done by hundreds of captures has clearly been crippling. Urban networks of the Soviet Orientated Revolutionary Armed Forces of Colombia and the Peking-backed Popular Liberation Army bave also been badly hit, while skirmishes have continued around the country.

The anti-drug war being waged in the chief marijuana growing and shipping areas of north-east Colombia has also brought some impressiva results: in one week last month 1.500 sacks of marijuana, two boats, two planes and 60 traffickers were captured by the military. Ironically, during the same week a high level seminar in Bogota threw open the first serious discussion on tha possibility of legalising marijuana production. Sr. Ernesto Samper Pizano, president of tha National Association of Financial Institutions (ANIF) which organised the meeting, led with a proposal for the creation of a U.S.-Colombia commission to look at the social and aconomic arguments for and against legalisation.

Although legalisation was formally opposed by the U.S. Ambassador and the Colombian Government, enough establishment figures, such as the head of the Bogota stock exchange and the comptroller general, have now stated their approval to ensure that the debate will continue.

The main economic argument put by ANIF is the contrast between heavy government outlay on combatting marijuana trafficking and the fat tax income which could be reaped from legal production. Drug control is costing Colombia some US$125m a year, while the marijuana trade is earning US$1.4bn in exports and could bring US$150m in taxes, according to Senor Samper. Those against, including the Church, base their objections on the possible harmful effects of increased consumption in Colombia.

Support for legislation has come from an unexpected source: General José Joaquin Matallana, ex-head of the security police, believes the State should assume total control of marijuana production and exports, and spend the profits on physical and social infrastructure in the main growing areas. An example has already been set by the governor of César department, who is using the income from fines imposed for illegal aircraft flights and other offences under anti-drug legislation to finance a rural electricity programme.

General Matallana points out that the anti-marijuana campaign bas produced some undesirable side effects by making shipments to the U.S. more difficult and pushing prices and profits up at the very time when over-supply threatened. Many producers have already moved their business out of the drug war area to other coastal departments and the Llanos, making control more difficult.

With coffee earnings dropping and fuel imports estimated at U.S.$420m for this year, Señor Samper's thesis that the Colombian Government can ill afford to turn away any source of foreign income gains in weight. Last year coffee exports were up by 36 per cent in value and nearly 75 per cent in volume, while non-traditional exports only increased by 15 per cent. Although the government is boosting a major export drive, it is unlikely that non-traditional products will be able to make up the deficit created by lower coffee prices and fast growing imports.

Coffee record

This year coffee production is forecast at a record 12m bags and growers are understandably doubtful about Colombia's chances of coming anywhere near the 9m bags exported last year. Many small producers are in debt as a result of re-planting with the new caturra coffee tree, and the high rate of inflation in the coffee zones has shown little sign of slackening.

Nor is last year's 20 per cent national inflation rate likely to drop after recent rises in fuel prices, and wage demands are once again on the increase. For the first time penalties of 90 days' imprisonment bave been imposed for speculation in food and fuel products. But President Turbay's security legislation does not and cannot supress the country's economic problems even if it can repress the discontent they cause.

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Canadian parties running neck and neck

BY JIM RUSK IN TORONTO

WITH THREE weeks left to go to the May 22 polling day, no party has established a clear lead in Canada's federal election campaign. In his fourth campaign as leader of the Liberal Party, Mr. Pierre Trudeau, the Prime Minister, started neck and neck with the Progressive Conservatives under Mr. Joe Clark.

Judging from the results of the only national polls to be taken and announced since the start of the campaign in late March, neither leader has made many inroads.

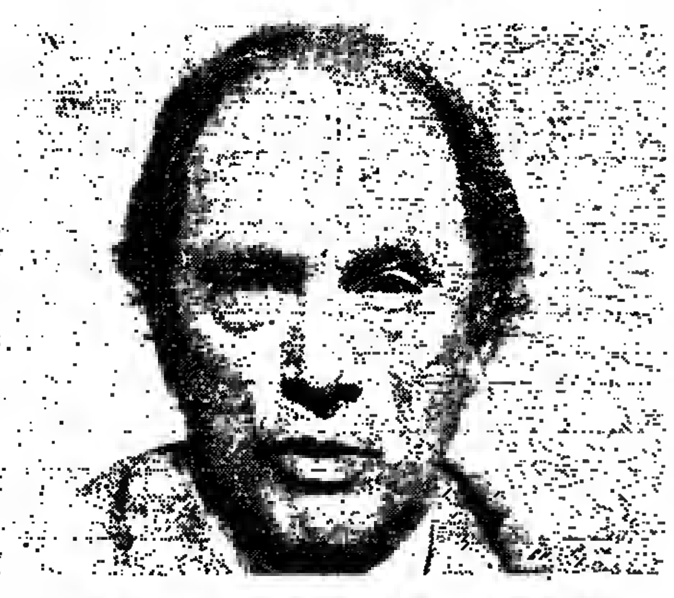
A poll taken for the Canadian Broadcasting Corporation gave the Tories a lead of two points over the Liberals, while the Gallup poll gave the Liberals a five point lead. In both polls, support for Canada's third national party, the Social Democratic New Democratic Party, was about one-sixth of the electorate. Furthermore, the large number of undecided voters in the country has stayed high. From just over 30 per cent before the campaign, it has slipped to just under the 30 per cent mark.

At this juncture, neither party appears likely to form a majority in Canada's 282 seat House of Commons. The Liberals have a wide lead in Quebec but trail the Conservatives in southern Ontario and southern British Columbia, although their support in English Canada appears to be firmer than it was last autumn, when they lost all but one of 14 by-elections.

For a country with as many problems as Canada faces, the campaign, focusing as it has on the three party leaders, has been curiously devoid of content. Although the Quebec Premier, M. Rene Levesque, plans a referendum this autumn on the future of the status of Quebec within Canada, only Mr. Trudeau has tried to make national unity a campaign issue.

Mr. Clark and Mr. Ed Broadbent, the leader of the New Democrats, have neither seriously discussed Mr. Trudeau's plans for rewriting the Canadian constitution nor presented alternative proposals designed to deal with the difficult problems of Canadian unity. Mr. Clark has been content to proclaim proudly that he gets along with the Premiers of most Canadian provinces, most of whom are Tories, better than Mr. Trudeau does, while Mr. Broadbent has stayed so far away from the unity issue that he was criticised for his stance while addressing a group of Francophone students in Ontario.

Both Mr. Clark and Mr. Broadbent, judging that the Government's management of the economy was Mr. Trudeau's most vulnerable issue and reading polls that said more Canadians were interested in the economy that unity, have tried to focus the campaign on economic matters. The latest survey showed there were almost 1m Canadians without jobs for an unemployment rate of 8 per cent. Inflation has been running about 9 per cent, while the federal deficit has been growing, balance of payments problems escalating and Canada's productivity performance and strike record have both been poor. But neither Mr. Clark nor Mr. Broadbent seem to have made much headway with economic issues.



Prime Minister Trudeau yesterday promised large changes in Canadian pension schemes, allowing housewives to make voluntary contributions and splitting pension benefits between separated husbands and wives. No one would be compelled to retire at 65, widow and widower benefits would be increased and private companies would be asked to index link pensions.

In part that may be so because a number of economic indicators, while not strong, have not broken against Mr. Trudeau during the campaign. Both the unemployment rate and the rate of inflation as measured by the consumer price index, have been stable.

The barometer upon which in winter Mr. Clark based most of his criticism of the Government, the exchange rate of the Canadian dollar has actually gone in Mr. Trudeau's favour. The dollar had started to climb off its low of about 83 U.S. cents before the election was called, and it has continued to improve since the campaign started. In recent weeks, it has hovered about 87.5 U.S. cents, barely below the range of 88 to 92 cents that earlier this year Mr. Clark was trumpeting was the appropriate exchange level.

To add to Mr. Clark's dollar difficulties, the improvement in the exchange rate has come without government meddling in exchange markets, something that Mr. Trudeau can defend as in keeping with his policy of letting the markets set Canada's exchange rate.

However, after a decade that has seen Canada's economy slip from high growth in output and real incomes to low growth, stable or declining real incomes, high inflation and unemployment—in short more than an ample dose of the problems that western economies have fallen into the latter part of this decade—the public appears to be wary of politicians' promises of what they can deliver in the way of economic performance. Mr. Trudeau tried to revive the spirit of the late 1960s at the start of the campaign when he called for a decade of development in which Canadians would meet what he described as the "five great challenges" of the 1980s. The theme did not survive the first week of the campaign.

Since then the campaign has become an auction of promises, programmes and policies, characteristic of most political battles. The Tories appear to have the most political mileage with a promise to make mortgage interest payments and municipal land taxes up to fairly high ceilings deductible for the calculation of income taxes, a promise that has been matched by the New Democratic Party with a plan to subsidise mortgage interest rates when they go above 8 per cent.

Mr. Trudeau has resisted pleas by some party officials to match the Tory promise and has concentrated on attacking Mr. Clark as a "red ink Tory." Mr. Trudeau calculates Mr. Clark's promises of a combination of increased spending, to reduce unemployment and reduced revenue, largely from the mortgage plan, would increase the federal deficit by C$7.5bn (£3.12bn). The Tories put the figure at C$2.8bn. The

Border between W. Bank, Israel 'exists no more'

BY DAVID LENNON IN TEL AVIV

THE BORDER between Israel and the occupied West Bank and Gaza Strip "no longer exists. It has vanished for ever," according to Mr. Menahem Begin, Israel's Prime Minister.

Though talks about the future of the occupied territories are due to start between Israel and Egypt in a few weeks, the Prime Minister made it clear at a party meeting on Sunday that, as far as he is concerned, the border will never be re-established.

Mr. Begin said that in two years his Government had created 36 Jewish settlements in the occupied territories. He promised the party faithful that more settlements would be built.

Meanwhile, the decision by the Cabinet to impose the death penalty on Palestinian guerrillas who kill Israelis has split not only the Government but the nation which wants to see itself as "a light unto the nations."

Mr. Begin decided to seek cabinet approval for the death penalty after four people, including two children, were killed in a Palestinian raid two weeks ago.

He had expected a large majority in his cabinet for the execution of terrorists. But, to his surprise, and some reports say to his considerable anger, he was opposed by nearly half the Cabinet. The opposition Labour Party condemned the decision, and many public and private individuals are unhappy about what they regard as a retrograde step in a nation which has prided itself on its humanitarian values.

Opposition to the decision within the Cabinet came from Mr. Ezer Weizman, the Defence Minister, who said that the problem of terrorism should be dealt with on the battlefield.

Another opponent was Mr. Ariel Sharon, Minister in charge of settlement policy. He said that the death penalty should not be imposed because the nation should look forward to Arab-Israel co-existence.

● Egypt broke off diplomatic relations with Iran yesterday in retaliation for a Tehran decision to sever ties with Cairo.

SALT treaty 'not a threat to Europe'

WASHINGTON — The new U.S.-Soviet Strategic Arms Limitation Treaty (SALT 2) will not weaken Western European security according to Mr. Zbigniew Brzezinski the White House national security adviser.

Mr. Brzezinski said that there had been frequent and wide-ranging consultations between the United States and European officials during the negotiation of the treaty.

"I believe that in the course of these consultations, we have made it very clear that SALT 2 will not adversely affect European security or on-going U.S. European security arrangements," Mr. Brzezinski said.

"As far as theatre nuclear forces are concerned, SALT 2 does not foreclose any possible option either in the arms control area or in the deployment area that we and our European allies might jointly decide to undertake," he said.

Mr. Brzezinski said the issue of arms control in Europe and the deployment of advanced Soviet missiles in Eastern Europe would be taken up in future SALT negotiations. He said he was optimistic about Europe's development and its future role in world affairs.

"You have seen the emergence in Europe of really outstanding leadership," he said. "You see the movement in Europe towards greater unity.

"I see Europe's role with the U.S. as being identical in some respects and complementary in some: identical particularly in regard to East-West relations, complementary in regards to the world economy, and some regional security issues."

Mr. Brzezinski said that as Europe becomes stronger, it will become more of a rival to the U.S. But, he said, the U.S. was willing to accept this.

Reuter

Ford safety again in question

By John Wyles in New York

GOVERNMENT investigators have questioned the safety of another range of Ford Motor Company cars which, it is alleged, are prone to fuel tank fires after rear end collisions.

The Department of Transportation's issue of an initial finding declaring a possible safety hazard may be as unwelcome to Ford as a similar move which ultimately led to last year's recall of some 1.5m 1971-76 models of its Pinto and Mercury Bobcat vehicles.

The National Highway Traffic Safety Administration has scheduled a public meeting in Washington on May 29 on the finding that 1970-73 Ford Mavericks and 1971-73 Mercury Comets may be hazardous after rear-end crashes. The safety administration has received reports of at least 26 rear-impact collisions

Venezuelans plan to tap Orinoco oil belt

BY KIM FUAD IN CARACAS

VENEZUELA'S Orinoco oil belt —the world's largest accumulation of non-conventional heavy crude oil — may be producing substantial amounts of petroleum for export by the late 1980s, according to Dr. Humberto Calderon Berti, the Energy Minister.

Dr. Calderon said Venezuela intends to tap the belt's potential — conservatively estimated at 700bn barrels — despite lack of proven technology for extracting the viscous crude and stripping it of its high sulphur and metals content.

"There is no need to link development of the belt to capacity for upgrading the oil," he said, explaining that Venezuela may export untreated crude from the belt or mix upgraded and untreated crude.

Dr. Calderon said that by producing upgraded crude and mixing it with untreated crude, the belt could provide 300,000 to 400,000 barrels a day (b/d) in the medium term, while better technology is developed

Dr. Calderon noted that offshore drilling has so far failed to discover reserves of light and medium crudes to replace depleted proven reserves in traditional areas. "The most concrete area to compensate for the decline in traditional fields is the belt," he said. The traditional fields are the sole source of Venezuela's 2.2m b/d production. They hold official proven reserves of 18bn barrels.

With an eye to accelerating development of heavy crude technology. Venezuela has signed technical co-operation agreements with Canada, West Germany and Japan. Venezuela and Canada are also reported to be contemplating a $45m programme aimed at using available technology to upgrade crude.

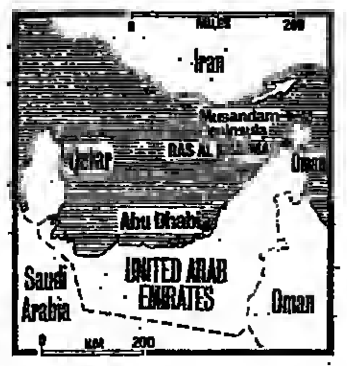
Fall in U.S. oil and gas reserves

By David Lascelles in New York

PROVEN reserves of oil and gas in the U.S. fell again last year, but in reporting this, the industries' trade associations said that they expected deregulation of oil prices to stimulate exploration and development.

According to the American Petroleum Institute (API), proven reserves of crude stood at 27.8bn barrels at the end of last year, down 1.7bn barrels from the end of 1977. Gas reserves, the American Gas Association (AGA) estimated, stood at 200.3 trillion (million million) cubic feet, down 8.6 trillion cubic feet.

Mr. Charles DiBona, President of the API, commented: "Once President Carter's programme to phase out controls on crude oil prices is put into effect, this should stimulate additional exploration for new reserves."



Omani rebel bid revived

By Ihsan Hijazi in Beirut

WITH SOVIET support, the Popular Front for the Liberation of Oman, the Marxist revolutionary group trying to bring down Sultan Qaboos, may be preparing to resume military operations after three inactive years.

Such a development is foreshadowed in a joint communique issued in Moscow yesterday after three days of talks between leaders of the front and Soviet officials in the Afro-Asian Solidarity Committee.

The statement, released by Tass, the Soviet news agency and quoted in the Lebanese press yesterday, accuses Egypt of preparing to send troops to Oman to protect the Sultan's regime.

Unconfirmed reports say up to 15,000 Egyptian troops are to go to Oman soon to replace departing Iranian forces. Agreement on Egyptian-Omani military co-operation is said to have been reached last week.

The Moscow communique speaks of the Soviet Union's "firm support for the just struggle by the Omani people," and deplores what it calls "Egyptian intervention in Oman's internal affairs." Oman has supported President Anwar Sadat's peace negotiations with Israel.

Sheikh Rashid nominated as UAE Premier

By Kathleen Bishtawi in Dubai

SHEIKH RASHID, ruler of Dubai, was nominated Prime Minister of the United Arab Emirates yesterday. The nomination was made by the Supreme Council of the federation which charged him with forming a new Cabinet.

Sheikh Rashid's acceptance comes after mediation by Sheikh Sabah al-Ahmed al-Jaber al-Sabah, Kuwait's Foreign Minister, which was aimed at ending discord among the seven emirates.

Sheikh Rashid has been given until June 3 to submit his Cabinet list. The five-week deadline will give ample time for protracted haggling among the rulers over representation in the federal Government.

In recent years, rulers in the northern emirates, Sheikh Rashid, in particular, have become suspicious of the growing power of the federal Government, which they saw as an extension of the influence of the richest Shiekhdom, Abu Dhabi.

The nomination of Sheikh Rashid is expected to generate a burst of economic activity in the emirates, as he sets about proving himself an able administrator. There is also speculation that he may try to introduce more liberal trade laws, offering a greater welcome to foreign business and less protectionism of the kind favoured by Abu Dhabi in the past.

It is reported, that a Kuwaiti proposal for the establishment of a UAE central bank, through which all rulers would be required to channel their incomes, has not been adopted.

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Fund for toxic waste

BY DAVID BUCHAN IN WASHINGTON

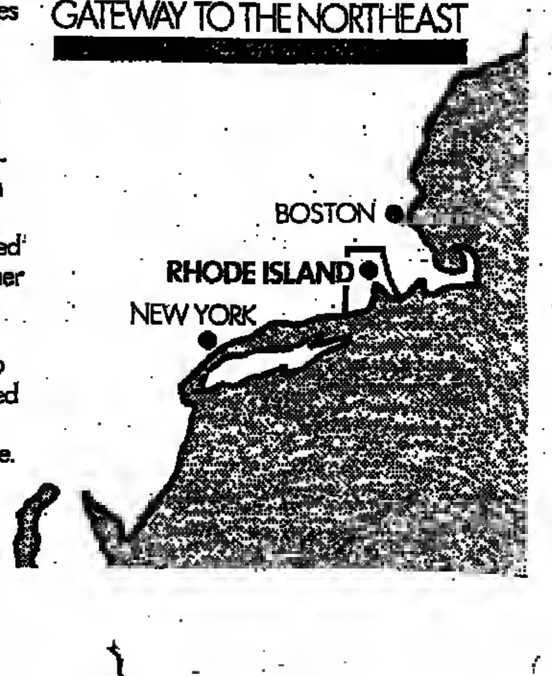
THE U.S. Environmental Protection Agency is preparing legislation that would take as much as $600m a year in fees from chemical, heavy metals and oil industries and put it into a public fund to clean up hazardous or toxic wastes.

EPA officials, who have come under fire from Congress for moving too slowly, also announced yesterday plans to step up enforcement of existing environmental laws to 300 investigations a year, with perhaps 50 prosecutions a year being referred to the Justice Department.

A senior agency official said in Denver yesterday that 80 to 90 per cent of potentially dangerous waste materials were not being disposed of with adequate safeguards.

Goverment officials conceded however that it was often impossible to get action through the courts against individual companies. Thus, the EPA sees the need for a public fund which would also get some $100m a year from the federal Government.

The plan has already met strong opposition from the chemical, oil and metal refining producers, which claim that the cost of any clean-up should be borne chiefly by the users of their products.



who is an unscrupulous... ...notions signal a victory ... member of NATO ... But it called ... Holland

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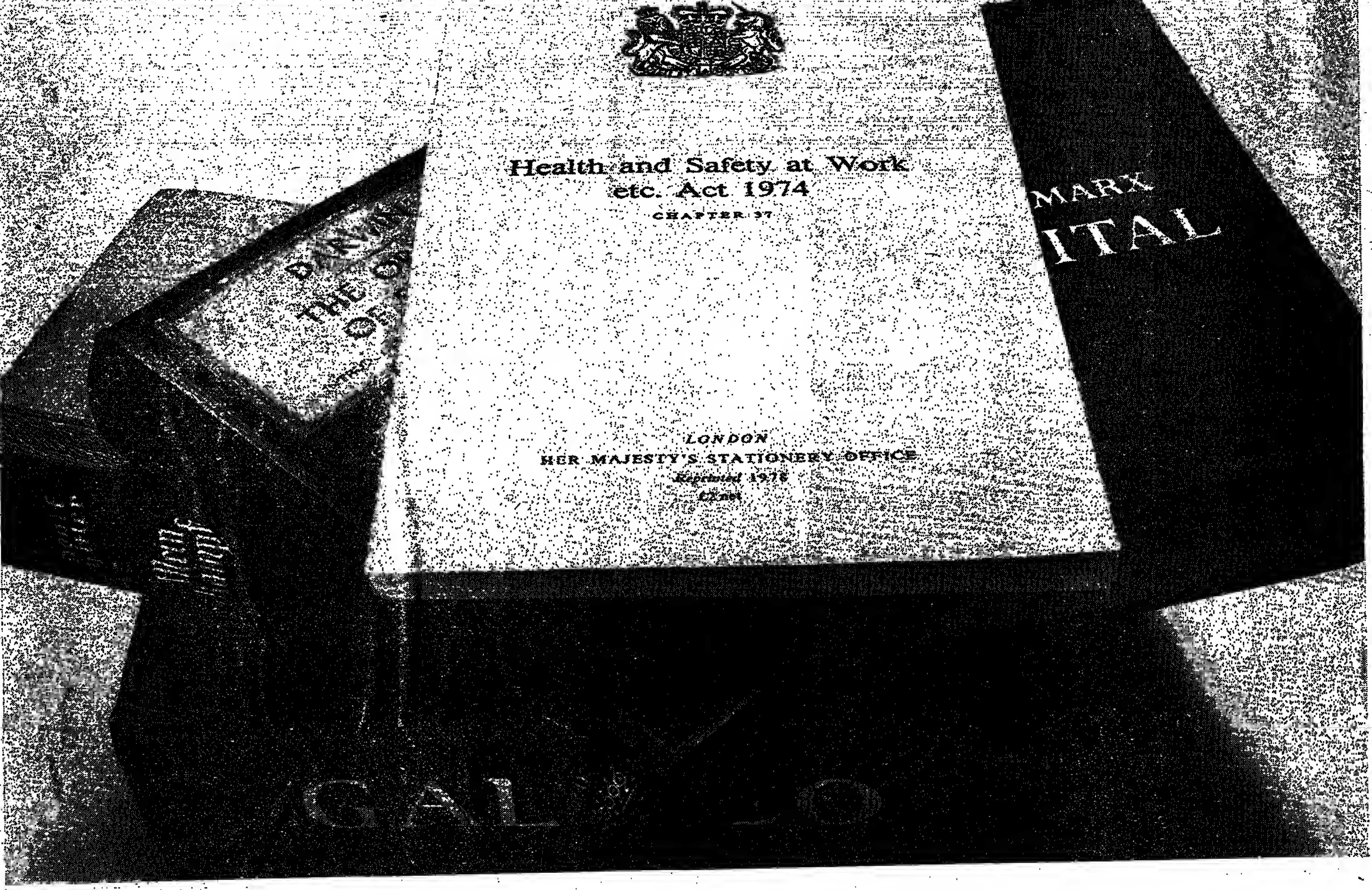
THE MOST DANGEROUS BOOK EVER WRITTEN?



Since last October, this slim booklet has given employers a lot to worry about.

On the face of it, it would seem to be yet another punitive set of rules and regulations for industry to comply with.

Worse, it seems to allow organised labour to find a thousand and one reasons for strikes and stoppages.

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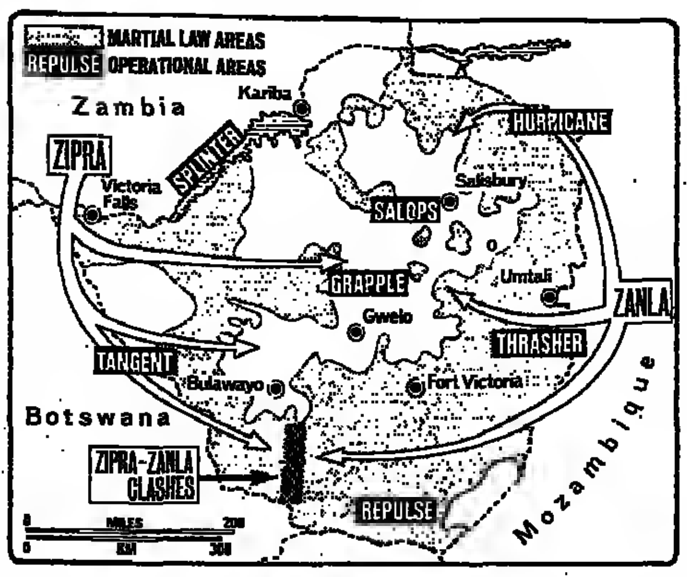
RHODESIA'S WORSENING CONFLICT

Food becomes a weapon

BY MARTIN DICKSON, AFRICA CORRESPONDENT



OPERATION TURKEY is a codename which could conjure up visions of a jolly, festive treat but in fact represents the opposite—a new twist to the ugliness of Rhodesia's guerrilla war, bringing fresh misery to the main victims of the struggle, the African peasants.

It stands for an attempt by the security forces to use food as a weapon of war and to starve out the guerrillas of the Patriotic Front. Since the guerrillas live off Rhodesia's peasantry, this policy entails keeping from many rural blacks all but their immediate food needs, so that they will not have any to hand to the guerrillas.

To this end, the security forces have closed down grinding mills and shops over vast areas. In some tribal trust lands (African reserves) not a single shop is open. People may have to walk for 30 miles or more to find one.

Already, there are reports of increasing malnutrition among children in the trust lands. There are as yet no reports of starvation but drought has meant a poor harvest this year and there are widespread fears of a serious rural food problem by August or September.

But Operation Turkey is just one example of the ever increasing viciousness of Rhodesia's guerrilla war, which now envelops the whole country.

Yet because of the censorship operated by the authorities and the sparse, and often deliberately misleading, details they give of the conflict, few people either inside or outside the country appear to appreciate the nature and extent of the war.

Not so the Red Cross, which in March put out a most unusual statement deploring the "rapidly deteriorating humanitarian situation." It declared: "As the fighting escalates and spreads over the entire country and into the neighbouring countries, the warring parties adopt ever more merciless attitudes: they combat not merely to defeat, but to annihilate those who oppose them or seem likely to oppose them."

It appealed to the guerrillas and the security forces—both of which are guilty of inhumane conduct, to cease attacking the civilian population.

The increasing nastiness of the war is a product of its rapid escalation over the past year. Statistics speak for themselves: By early April, 7,287 guerrillas had been killed inside Rhodesia since the war began in December 1972, but over 1,000 of that total had been killed in the first three months of 1979 alone.

By early April, 757 members of the security forces had died in the war, 34 per cent of them in the past year, and 3,381 civilians were said to have been killed by guerrillas, 48 per cent of them in the previous 12 months. More than 2,280 people described as guerrilla collaborators, recruits or civilians were reported to have been killed in cross-fire, 60 per cent of them in the past year.

There has been a substantial increase in the number of guerrillas in the country during the past 12 months — perhaps 20 to 30 per cent. Estimates of the total now range between 11,000 and 13,000. Virtually no African rural area has not been touched by the fighting, and in the great majority of them normal life has ceased to exist.

More than 1,000 primary schools have been forced to close and over vast areas normal medical facilities are no longer available. Most major towns have a refugee problem. Martial law covers more than 80 per cent of the countryside and virtually all the tribal trust lands.

Martial law regulations have meant a 6 pm to 6 am curfew, the establishment of special courts which hear cases in camera and hand down the death penalty (no one knows how many people have been executed), and the detention without trial of, perhaps, more than 1,000 people.

The security forces have been given greater rein for tough action against any peasants suspected of collaborating with the guerrillas. Operation Turkey is one example. Another is the extensive burning of huts, destruction of crops and slaughter of cattle belonging to suspected collaborators. Similar intimidatory tactics are used by the guerrillas.

A new and uncertain military element has been thrown into the battle—the so-called auxiliary forces, which owe their allegiance to Bishop Abel Muzorewa and the Reverend Ndabaningi Sithole. They were formed after the two politicians reached their internal settlement with Mr. Smith in March last year.

Recruited largely from the ranks of the unemployed, together with a few Patriotic Front deserters, the auxiliary units began life as little more than private armies of thugs and political bully-boys. However, during the past few months there is said to have been a remarkable improvement in their behaviour, as they have been brought more firmly under the control of the regular forces.

Auxiliary units have been placed in a significant number of tribal trust lands, apparently with a two-fold purpose. The first was to ensure that people voted (and voted for the right party) in the recent elections. The second was to rid areas of guerrillas, the idea being that locally recruited auxiliaries could win the confidence of the people.

The programme appears to be having some effect. In certain areas, the guerrillas do seem to have been pushed out, or their supply lines destroyed, and schools have reopened.

This, coupled with the tough martial law tactics and Rhodesia's raids against guerrilla camps in Mozambique and Zambia, seems to be producing significant reverses for the Patriotic Front in some areas.

In addition, it is possible that, once Bishop Muzorewa becomes Prime Minister, he will be able to lure away some guerrillas loyal to ZANLA, the military arm of Robert Mugabe's wing of the Patriotic Front. Both men come from the Shona tribal grouping.

But this is not going to stop the war which seems to be moving slowly to the Patriotic Front's advantage, even though it is still very far from a battle-field victory. Even if there were to be a 30 per cent defection rate from ZANLA by guerrillas inside the country (a very generous estimate), Rhodesia would still be fighting a war of the same intensity as a year ago.

Unless the war winds down, or unless Rhodesia gains international recognition (both of which seem questionable) whites are going to quit the country in ever-increasing numbers.

White departures increased dramatically last month, with 1,555 people leaving and only 304 arriving.

As the whites leave, Rhodesia's highly efficient war machine, the product of white expertise, will start to run down. Barring outside intervention by either South Africa, for Muzorewa, or the Communist bloc, for the Patriotic Front, the war could then develop into a long struggle with at least five forces in the field.

Such a struggle could leave Rhodesia with a devastated economy and a military dictatorship for a Government.

New move to defuse Muldergate

BY QUENTIN PEEL IN JOHANNESBURG

THE SOUTH AFRICAN Government yesterday announced a renewed attempt to wind up the secret activities of the former Department of Information and prevent the scandal from affecting more leading Government figures.

Mr. John Vorster, the State President, Mr. P. W. Botha, the Prime Minister and Minister of Defence, and Senator Owen Horwood, the Minister of Finance, have all been accused by Dr. Connie Mulder, the disgraced former Information Minister, of involvement in his secret propaganda and corruption campaign.

The government strategy was first to recover all the State funds misused in the projects, and second to reveal all possible projects before they could be exposed by outsiders. Mr. Pik Botha, the Foreign Minister, said in Cape Town. But he described the whole scandal as a "cat's nest" which was growing daily.

A top-level departmental report published simultaneously recommended prosecution of all people involved in the misuse of State funds.

Mr. Botha admitted that the previous administration, under Mr. Vorster, had spent R14m (£8.2m) in subsidising the South African magazine To the Point, which also had an international edition published in Antwerp. He said the Government would continue to subsidise the publication, but the Antwerp office had been closed.

Mr. Botha said he planned to reveal other projects if and when the state finance involved in them had been secured. "This cat's nest is so involved and so extensive, that we are still not seeing the end of it," he said.

New companies used as secret fronts for the Information Department were still being uncovered, and a chartered accountant had been hired to unravel the affairs of one businessman, Mr. Jan van Zyl Alberts, who had been involved in 18 separate secret projects.

The Pretorius committee, headed by the Treasury Secretary, revealed in a report yesterday that it had so far recovered more than R5m (£2.9m) from selling assets acquired during the regime of Dr Mulder and Dr Eschel Rhoodie, his Information Secretary. Some R730,000 came from the sale of foreign properties, and other properties within South Africa had been registered in the state's name, valued at R500,000.

The committee recommended that civil action should be taken "without exception" against people who had misused state funds in connection with the secret activities.

The report of the Erasmus commission, investigating the whole affair, is due by May 31, but interim reports have already "cleared" Mr. Vorster, Mr. Botha and Sen. Horwood. The Government clearly hopes to play down Dr. Mulder's renewed allegations.

While the Opposition newspapers in South Africa have played a major role in exposing the individual examples of misuse of funds, the real threat to the government is from within its own party ranks. If Mr. P. W. Botha can reunite the National Party, and overcome the considerable sympathy which Dr. Mulder still commands, then he is in no danger.

Meanwhile, 11 former Soweto school students were yesterday found guilty of sedition in the first major political trial directly linked to the explosive black riots of 1976. The trial was seen as a major government effort to prove the riots were started by political agitators.

Yesterday's ruling defined any attempt to confront the State through demonstrations as sedition and could provide a new weapon in the government's legal armoury to counter black opposition.

Australia uranium mines blacked

SYDNEY — Three key trade unions said yesterday they would not supply labour to two uranium development projects in northern Australia. Mr. Cliff Dolan, vice-president of the Australian Council of Trade Unions (ACTU), said the Amalgamated Metal Workers and Shipwrights Union, the Australian Railways Union and the Electrical Trades Unions, decided at recent meeting to follow the ACTU's recommendation against working on uranium mines.

Workers involved in the unions are needed for construction work about to start at two deposits, Ranger and Nabarlek, in the Northern Territory.

Mr. Dolan said the unions also intended to stop manufacture of mine equipment and its transport to the sites.

The ACTU opposes the mining and export of Australia's 20 per cent share of the Western world's known uranium reserves because of worries about waste disposal, health hazards and the risk of nuclear weapons proliferation.

However, some unions in the ACTU oppose the policy and want their members to work on the uranium projects.

In New Delhi, Mr. Atal Bihari Vajpayee, India's External Affairs Minister, said President Carter shared Indian concern about Pakistan's apparent efforts to acquire nuclear weapons capability. Mr. Vajpayee told Parliament that during his recent visit to the U.S. he had expressed Indian concern and anxiety.

"Pakistan's pursuit of reprocessing and uranium enrichment projects could bear no other interpretation. The President and his senior colleagues shared our concern," he said.

"President Carter and Mr. Cyrus Vance, the Secretary of State, said that the U.S. was already trying every means to curb Pakistan and suggested that joint efforts should be made by India and the U.S. as well as other countries to prevent nuclear weapons proliferation."

Reuter

Hanoi gets ready for another conflict

By K. K. Sharma in Hanoi

HANOI HAS all the signs of a city preparing for war. MIGs fly in pairs at frequent intervals, roaring across constantly cloudy skies to test Hanoi's air defence system.

Some say the sorties have increased since the Chinese delegation arrived a fortnight ago for talks but China hardly needs a reminder of Vietnam's military prowess. The city's broad avenues are clogged by army trucks, the only vehicular traffic apart from a few official cars and fewer buses. Petrol shortages have forced the authorities to ban use of the motor cycles that normally ply noisily.

There are nearly as many bicycles in Hanoi now as in Peking and all people, including senior officials, pedal slowly to and from work. So dense is the bicycle traffic in peak hours that smartly uniformed women police have a tough time controlling the streams. In parks civilians carrying automatic rifles undergo compulsory military training, platoons of men and women doing target practice and marching at least one hour every day. The preparations are for the renewed war which the Vietnamese believe is inevitable and imminent. They are convinced that China did not achieve its objectives in the recent fighting and therefore must attack again. Indeed the Vietnamese firmly believe they won the first round.

Recently an exhibition opened in Hanoi with the significant title "victory over China." On display are pictures of atrocities allegedly committed by China, captured Chinese weapons and photographs of Chinese and American leaders together—to propagate the view that Peking and Washington conspired to attack Vietnam.

Open bellicosity

Everywhere, both inside the exhibition and in many parts of the town, there are posters showing Vietnamese youths marching aggressively forward shouting "Long live Vietnam." Yet despite this open bellicosity, Hanoi goes about normal business sedately. The people are remarkably cheerful and morale is unusually high.

Officials confess they face difficulties and that the war has meant that efforts have been diverted from reconstruction of the country. The army is no longer involved in rebuilding the economy and is now firmly geared to war. Some factories have changed to production of war materials. Full mobilisation has been ordered. This means that all civilians between the ages of 18 and 45 must undergo military training and be ready to be conscripted: inevitably their own civilian work and lives are disrupted. The military olive green is a common colour for clothes and is worn proudly.

Petrol and other goods are in short supply. Strict rationing of essential items is being enforced. About 14 goods are supplied in this manner but the ration is meagre. Workers get about 12 kilograms of rice a month and office workers slightly less. The annual ration of cloth is a mere five metres. Supply of protein foods like meat and rice is insufficient to meet the demand. But the pressure on housing in Hanoi has been eased by the mobilisation.

Cheerful in adversity

The people remain cheerful in adversity and their discipline is impressive. They rise early in the morning before six and commence work by eight. Work continues until four thirty in the afternoon with a brief half-hour break for lunch.

They seem in fact better dressed than when I was here last year. There is still not enough material to enable women to wear the national long dress all down the sides but there is much more colour and variety in design of the blouses and loose slacks they wear.

Hanoi's citizens are preparing for a long conflict. They are used to this as they constantly remind you. After all they beat the French and the Americans. But it would be wrong to say that the people like this. One senior official told me wearily: "Everyone says that war is a way of life with us. No one appreciates that all we want is a long spell of peace so that we can improve our standard of living and build up our country."

Soldiers being taken daily to the frontier in packed trucks are cheered by passers-by. The soldiers look fantastically young, many still in their teens. Many are women smiling cockily in olive green uniforms and under helmets. How long they will be in the front lines is uncertain. "I tell you an attack by China is imminent," says a foreign ministry official. Diplomats seem to agree but are unwilling to guess how soon fresh armed conflict will come. One speculation is talks will continue until the rainy season ends in September.

China fears protective tariffs will hurt exports

BY JOHN HOFFMANN IN PEKING

CHINA HAS complained about "unreasonable" protective tariffs and quotas which limit its exports to some countries.

Mr. Li Jiang, the Foreign Trade Minister, made the complaint in an article published in the current issue of Peking Review, the foreign language weekly.

He was outlining China's stance on foreign investment and clarifying the restrictions applying to the use of foreign capital.

His statement is intended to dispel the uncertainty felt by investors following China's abrupt scaling-down of foreign trade activity, particularly in relation to heavy-industry modernisation.

Mr. Li stressed that the promotion of China's export industries was essential to its ability to pay for its imports.

"Some people are very much concerned with China's ability to repay," he said. "Given China's rich resources, we believe the problem of payments can be solved. One basic approach is to promote exports.

"At present some countries still have some unreasonable restrictions on importing China's commodities. We hope these countries will lift their restrictions and deal with us on the basis of equality and mutual benefit."

China was interested in co-operation with foreign companies to develop power stations, ports, chemicals, and the oil, coal and steel industries, he said.

The forms of co-operation could include the use of joint capital, and China was developing a legal structure to ensure protection of such investments.

Mr. Li said China was already paying for major imports through deferred payments, bank credits and loans, but he made it clear that his main interest was in "compensatory" trade in which investing Governments and companies would have to accept payment in Chinese products and manufactured goods.

Mr. Zou Siyi, another senior export trade official, confirmed China's preference for payment-by-compensation. "We must first of all make sure that the contracting party will agree to take the products turned out by the introduced equipment," he said. "That is, these products will make for payment."

Mr. Zou also referred to joint capital ventures. "In principle, we accept joint ventures, and foreign businessmen can take part in running and managing enterprises, but foreign capital must not exceed half the total investment," he said.

● The European Economic Community and China have postponed the first meeting of a new trade committee because the EEC's member states cannot agree among themselves on terms for Chinese textiles, Reuter reports from Brussels. An EEC official said the meeting, scheduled for May 3-5 in Peking, was called off by mutual agreement. France effectively blocked the formal opening on April 3 when, at a meeting of EEC Foreign Ministers, it insisted on limiting Chinese cotton cloth exports to the EEC to 14,000 tonnes a year.

Ohira in U.S. for trade talks

BY DAVID BUCHAN IN WASHINGTON

MR. MASAYOSHI OHIRA, the Japanese Prime Minister, arrived in the U.S. yesterday for high level talks with the Carter Administration that have been overshadowed somewhat by a sharp trade dispute between the two countries, causing growing disquiet in the Congress.

Mr. Robert Strauss, the U.S. Trade Negotiator, told a Congressional Committee on Friday that if Japan refused to open up its public contracts sufficiently to bidding by U.S. companies, the Administration might cut the Japanese out of tendering for an annual $12.5bn worth of U.S. Government business.

The Ohira Government has not so far raised its last offer of opening $7.5bn of State contracts to foreign bidding, which, U.S. trade officials claim, excludes areas of high technology where U.S. companies might have a competitive edge.

All other U.S.-Japanese trade agreements reached in the GATT trade negotiations can be submitted to Congress this month, without the Government procurement accord, on which Mr. Ohira has suggested talks should resume later this year after a "cooling off" period.

But Mr. Strauss, who later this summer is due to take charge of the next round of U.S.-mediated Mid-East peace talks, has let the Japanese know that they will not find the path to a procurement agreement any easier once he is gone, because of the present mood in Congress.

The overall U.S. trade deficit has improved this year, with the monthly shortfall in March dropping to $821m. But the deficit with Japan, which amounted to $13bn last year, still troubles the Administration and many in Congress.

Senator Robert Byrd, the Democratic Leader in the Senate, chose a week-end Press conference to lecture Japan on trade and to remind the Tokyo Government that unless it reduced its barriers to American goods, the U.S. was by no means obliged to go on buying vast quantities of Japanese goods.

Of particular concern to the Senator who comes from the coal producing state of West Virginia was the recent decline in Japanese purchases of U.S. coal.

The sentiment on Capitol Hill seems to be growing for some surcharge, perhaps of 15 per cent, on Japanese imports, according to Representative James Jones, who heads a panel on U.S.-Japanese trade of the House Ways and Means Committee, which has tried to find non-protectionist solutions to the trade deficit with Japan.

This has been echoed by Senator Lloyd Bentsen, who holds the key job of chairman of the Congressional Joint Economic Committee, and has also been taken up by one of the Republican candidates for next year's Presidential nomination, Mr. John Connally.

British mission to S. Korea

A top-level British trade mission will arrive in South Korea next week as the first of a two-part strategy to boost British exports to the rapidly expanding Korean heavy industrial sector, Ron Richardson writes from Seoul. The delegation, will be led by Sir Kenneth Keith, chairman of Rolls-Royce, and includes the chairmen of the 600 Group, Northern Engineering Industries, Smiths Industries, Dowty Group, and Samuel Montague.

Oxygen plant contract

Air Products, of Surrey, has won a contract from Hyundai International, a heavy industrial equipment manufacturer in South Korea, for the supply of a 50 tonnes a day high purity oxygen plant for an integral heavy industrial machinery plant at Changwon. The plant, worth £1.5m, is to be shipped later this year and is expected to be on stream by early 1980.

Norway-Benin oil deal

Saga Petroleum of Norway has said a NKr 450m (£44m) agreement for deliveries of oil exploration equipment to the African Republic of Benin will be signed at the end of next month, Reuter reports from Oslo. The agreement covers development and operation of an offshore oil field off the coast of Benin. The project is financed by a guarantee from the Guarantee Institute for Export Credit.

IH wins £7.2m tractor order for Mexican market

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

INTERNATIONAL Harvester in the UK has won its first significant order to supply tractors to Mexico. The order, valued at £7m, is for 2,100 medium-sized tractors in the new IH 84 series range.

The order was placed by an affiliate company of International Harvester in Mexico. It will be supplied from Doncaster.

The order will be fulfilled over the next year, but the company is confident it will lead to further orders. Tractor companies are facing competitive conditions worldwide, and this has been intensified by the virtual cessation of orders from certain developing countries, notably Turkey, and the political disruption in Iran and Pakistan.

The UK market for agricultural machinery declined by 12 per cent in 1978, although the British subsidiary of the group managed to increase its total sales last year to £94.2m (1977 — £82.1m). Exports accounted for 63.1 per cent of sales. The company says that there are signs that the trough in world market demand is now over following record harvests, and that home market demand is being maintained at an acceptable level.

Singapore-Airbus finance

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SINGAPORE AIRLINES, which recently announced its intention to buy up to eight European A-300 Airbuses, is studying a European financing package for the aircraft.

Airbus Industrie is reported to be prepared to finance up to 80 per cent of the total purchase price of $310m (£150m), at 8.5 per cent interest over 10 years from first delivery in April 1981.

The loan would be put together by French, West German and UK banking interests, but in three currencies—40 per cent in French francs, 40 per cent in D-marks and 20 per cent in U.S. dollars.

It would be underwritten by the various European credit organisations, including the UK's Export Credits Guarantee Department.

● Guinness Mahon, the merchant bank, has arranged the first ECGD-supported U.S. dollar supplier credit facility to assist Bahamasair, the Bahamian airline, in the financing of the purchase of four HS748 aircraft from British Aerospace. The contract is worth $20m. (£9.6m). Included in the order is an option for a further two 748s.

Iran hopes for restart of chemical project

By Simon Henderson in Tehran

IRANIAN officials say they hope work on the huge Bandar Shahpour petrochemical complex, in which the Mitsui group of companies is participating, will start again on July 1.

Negotiations for the restart of work on the $3.3bn (£1.6bn) complex, held up by the Iranian revolution and financial problems, have now reached a critical stage. A team of six Japanese experts has left Tehran for the site on the gulf coast to make a study. The former 3,500 Japanese workers on the project were all sent home two months ago.

The problems facing the project are said to be fourfold. Extra financing is required, customs clearance for equipment is needed, there are problems over work permits and work has also stopped on the separate contract for the pipeline to supply feedstock.

Mr. Abbas Amir Entezam, Iran's deputy Prime Minister, said on Sunday that Iran was hoping Mitsui would provide the extra money needed, though keeping the profit-sharing on the same 50-50 basis as before. An extra $500m (£245m) is believed to be wanted to finish the project, and there is a possibility of Japanese Government participation. The complex is 85 per cent complete and was due to have been producing olefins and aromatics for the Japanese market from 1980.

Local difficulties in Bandar Shahpour include the holding up of seven shiploads of equipment because customs staff are not allowing its import duty free as specified in the original agreement.

Previously 1,000 Koreans, Indians, Pakistanis and Filipinos were also employed, but work permits for foreigners have been cut back.

Two weeks ago talk of nationalisation of Iran's petrochemical industry also introduced difficulties in the negotiations with the Japanese. Although the original report was denied, the Japanese are believed to have been promised that the Bandar Shahpour complex will be unaffected even if the new Constitution is to renew the threat by proposing greater State ownership.

Agreement on energy needs

HAKONE, JAPAN — Seven leading industrial nations, preparing for a Western economic summit in Tokyo in late June, have agreed on the need for international co-operation in developing and promoting non-oil energy sources including coal, nuclear and solar power, Japanese Government sources said.

At a three-day meeting here, energy experts from the U.S., Britain, France, West Germany, Canada, Italy and Japan also agreed to positively help developing nations in these areas, particularly those with non-oil resources including development of their unexploited coal resources, the sources added.

The discussions included U.S. proposals on financial forms of co-operation and the creation of a loan fund and a report will be submitted to another summit preparatory meeting scheduled for Washington next month, the Government sources said.

Reuter

Japan trade mission

An 80-man Japanese Trade Mission arrived in Holland yesterday at the start of a seven-day visit aimed at promoting Dutch exports to Japan, Charles Batchelor writes from Amsterdam.

It will concentrate on discussions of Dutch exports in engineering, consumer goods, chemicals and investments. The mission, led by Mr. Mitsuo Uemura, president of Sumitomo Corporation, will also visit Belgium and Luxembourg.

MIDDLE EAST TRADE

Jordan examines power options

BY RAMI G. KHOURI IN AMMAN

MORE DETAILS have become available about the Jordan Electricity Authority's plans to build two new major power projects to meet electricity demand in the country until the year 2000.

JEA planning director Dr. Ibrahim Badran told Mideast Markets in Amman a 300 MW thermal power plant project at the southern port city of Aqaba "is now a firm project. We're going ahead with it."

He said it was likely the power station would also have an allied desalination plant of not less than 15-20m gallons per day output, but that a consultant would be chosen by the end of this year to study the project in detail.

As the plant would be powered by imported fuel, the economic feasibility of the scheme will be a major determinant of its size and specifications.

A preliminary study of how the new Aqaba plant would fit into the national power grid was conducted by the British consultants Preece Cardew and Rider.

The Aqaba plant would enter service by 1985, combined with the existing new thermal power station at Zerka, near Amman, whose capacity when completed will be 300MW. It will give Jordan around 700MW of installed capacity.

By then, a third large power plant will be required, and this is now likely to be built at Qatrana, 80 kms south of Amman, where vast deposits of shale oil are available for fuel.

Dr Badran said preliminary studies show deposits of some 800m tons of shale oil at Lajjoun, 17 kms west of Qatrana. The shale has a medium kerogen content and slightly high ash and sulphur content, but preliminary studies indicate it is good enough to fuel the proposed power station.

A Soviet team spent two weeks in Jordan in early April looking into the feasibility of the project, and another Soviet delegation of geology, hydrology and mining experts will return to Jordan within six weeks to carry out more detailed technical feasibility studies.

Two British companies have also approached the JEA about exploiting the shale oil deposits, and Dr. Badran said the JEA is open to talks with any international party that has a proven ability in shale exploitation.

The availability of the shale rocks at a shallow depth makes for relatively simple mining operations, but detailed studies are required to determine the most appropriate and economical method of exploitation. The options are either crushing the shale and burning it directly in the power plant's furnace, or extracting the oil from it and using the oil as the fuel. The question of water consumption will loom large in determining which system is chosen.

"We have a very keen interest in the Qatrana project and we want to move as quickly as possible," Dr. Badran said, though he indicated the project would go ahead cautiously in order to make the correct decisions on technical and environmental questions.

The Qatrana project would be between 300 and 400 MW and would come on stream in the late eighties.

The JEA is now studying the feasibility of a 400 KV power line between the north and south of the country. This would be operational sometime after 1985.

In the meantime, a 132 KV line will go south from Amman to Qatrana, Hassa and Reshidiya, and another 132 KV line will start from the new Aqaba power station and travel north.

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It relaxes you on the M6. Impresses you on the A38. Excites you on the B4012. And attracts admiring glances in Regent Street.

The quite exceptional car we refer to is the elegant and stylish Gamma Berlina you see pictured here.

To begin with, we have unashamedly spoilt the driver and his passengers. (In particular, it is our belief that if a driver lacks for nothing, he will feel more relaxed and alert, especially after long journeys.)

The interior is extraordinarily roomy. Thick pile carpet is fitted door to door. The roof is beautifully quilted. And the seats, which can carry five adults in extreme comfort are contoured and thickly padded. In addition, they have adjustable head-rests and are covered in an elegant and luxurious cloth fabric.

The steering wheel is adjustable, the windows electrically operated and the driver's seat can be adjusted for both height and tilt.

In terms of performance, especially on major roads, the Gamma is a thoroughbred Lancia. The powerful 2.5 litre boxer engine gives impressive acceleration when you need to overtake, with a smooth 5 speed gearbox, as well as a top speed of over 120mph. Like every Lancia, the Gamma has front-wheel drive for impeccable handling and roadholding on the twists and turns of winding country roads.

Steering is power assisted and should you meet a flock of sheep en route, dual system brakes provide exceptional stopping power. Which means that the Gamma handles like a car half its size.

Finally, we feel certain that the restrained elegance of the Gamma Berlina will not go unnoticed in the traffic jams around town.

You will be relieved to know that this car carries a very sensible price tag which will not deter even the most austere of financial directors. (You might mention too, that the new 12,000 mile service intervals practically half servicing costs.)

If you would like to test drive the Gamma Berlina, talk to your Lancia dealer. He'll be happy to prove that the claims we make for this car are a refreshing reality. At the same time ask him about our special leasing schemes, which offer some striking financial advantages.

Or if you are eligible to purchase a Lancia free of taxes, contact our Export Department.

LANCIA

The most Italian car.

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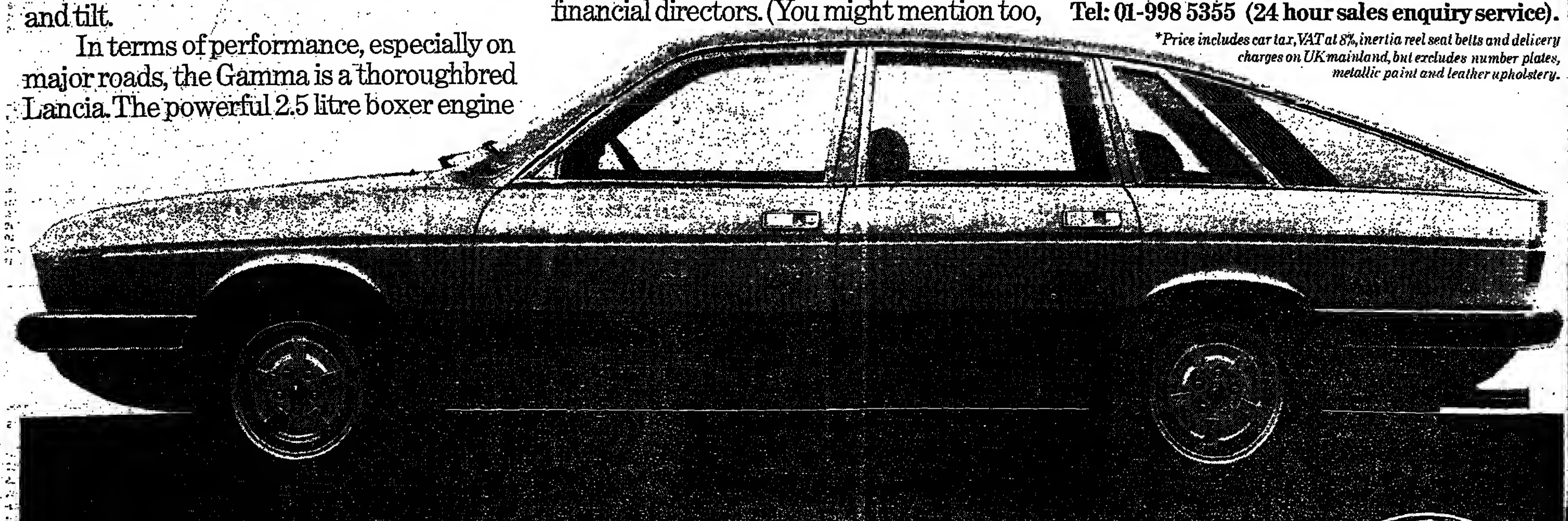
Tel: 01-998 5355 (24 hour sales enquiry service).

**Price includes car tax, VAT at 8%, inertia reel seat belts and delivery charges on UK mainland, but excludes number plates, metallic paint and leather upholstery.*



The Lancia Gamma Berlina. £7,135.83*

LANCIA

New TriStars join British Airways

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS yesterday took delivery at Heathrow of the first of its new fleet of long-range and "super fuel-saving" Lockheed TriStar airliners, fitted with the latest Rolls-Royce RB-211 engines.

The Dash 500 series, of which the airline has ordered six, with six more on option, will be added to the existing fleet of nine TriStars of earlier versions already in service.

The Dash 500, which seats 202 passengers, goes into service next week, on the route to Abu Dhabi and later also to Singapore.

By combining the latest Dash 524B version of the RB-211 engine with improved fuselage and wing design, and by using a computer - controlled flight-management system, the fleet of six Dash 500 is expected to save the airline more than £1m in fuel bills a year.

Mr. Kenneth Wilkinson, director of engineering for the airline, said yesterday that "at today's fuel prices, we estimate that every 1 per cent improvement in fuel consumption with the Dash 500 TriStar is worth some £30,000 a year for each aircraft.

"Over our projected fleet of six Dash 500s, each spending an average of about 4,200 hours in the air every year, this represents more than £1m saving in fuel bills."

"As fuel costs rise, this discount, provided by the TriStar's design and equipment refinements, becomes even more important."

This is why the airline is expected later this year to convert some of its outstanding option for six more Dash 500s into firm orders.

The new flight-management system aboard each aircraft will enable the TriStar to be flown fully automatically after take-off, all the way from London to its destination.

The details of each flight — such as take-off weight, fuel weight, air temperatures, wind speeds and directions, beacon and other navigational signals — will be programmed both before take-off and during flight into the flight-management computer, which will send command signals to the aircraft's controls.

● From today British Airways will offer on UK internal routes seats at half-fare for bulky or delicate items of baggage, such as musical instruments, works of art and fragile scientific instruments, which passengers do not want to stow in the cargo hold.

Bid to stop Merrett giving up Sasse

By John Moore

LAST MINUTE attempts are being made by the 16-strong ruling committee of Lloyd's of London to prevent Merrett Dixey Syndicates giving up the management of the troubled Sasse underwriting syndicate.

The committee of Lloyd's will meet today to discuss again the proposal presented on several occasions by Mr. Stephen Merrett, chairman of Merrett Dixey.

Mr. Merrett wants a "no strings" open line of credit to help Sasse syndicate members meet £13.6m of losses until the syndicate can recover money owed to it under reinsurance arrangements, or from outstanding premiums.

But so far Lloyd's has provided a loan facility of £7m for the syndicate and is to provide a guarantee which will enable all members to pass the annual audit.

The Lloyd's committee is deeply divided on the issue of whether further aid should be granted and Merrett Dixey is dissatisfied with the limited aid so far given to the Sasse syndicate.

But the Lloyd's committee was shocked last week by the announcement that Merrett Dixey planned to resign from the management of the syndicate, and has been trying to persuade the group to change its mind.

NEB deal verdict delayed

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A FINAL decision on whether the National Enterprise Board can go ahead with its £8m computer peripheral deal with Control Data Corporation (CDC) of the U.S. will now not be reached for two weeks. This means that the question of Government backing for the deal might be reopened if the Conservatives, who want to run down the NEB's entrepreneurial activities, win the General Election.

The delay has been caused by the NEB deciding to ask its subsidiary involved in the deal, Data Recording Instrument (DRI), to call an extraordinary general meeting to ratify the link-up. The DRI Board meets today to consider this request, and is expected to give 14 days' notice of the meeting.

Grundy (Teddington), which founded DRI in 1954, and now holds 13 per cent of the company's equity, may now continue its legal action aimed at stopping the deal.

It is free to appeal tomorrow against a High Court rejection last week of its request for an injunction delaying the deal.

If Grundy does not appeal successfully, and if there is no intervention by the next Government, the deal will go ahead after it receives the backing of the extraordinary general meeting.

This backing is guaranteed because the Grundy 13 per cent holding will be opposed by the NEB's 63 per cent interest, and by 24 per cent held by the National Research Development Corporation.

The corporation's holding will be bought by the NEB once the deal is completed. An offer made last year by the NEB to buy the Grundy holding is also still open.

Green signal for Prince

LONDON UNDERGROUND signalmen yesterday called off their proposed industrial action to allow Prince Charles to become the first passenger to travel on the new £88m Jubilee Line. As the Prince arrived at Green Park station at the start of the opening ceremony news came through that eight signalmen in dispute over an upgrading claim had decided not to go ahead with their threat not to operate new equipment.

London Transport said: "The men decided to call off their action and the Prince will be able to travel to Stanmore."

Prince Charles inspected the new station at Green Park before taking the two-minute ride to Charing Cross. There he was intrigued with an automatic ticket machine and was told he could use the ticket given him for the occasion again and again. He said that he liked the murals on the platform walls.

He unveiled a plaque to mark the opening of the line, which took seven years to build and runs 14 miles from Stanmore to Charing Cross. "I would like to congratulate London Transport for their great success in getting me on to the Underground for the first time since I was a child," he said.

The Prince recalled his visit to Vauxhall 11 years ago when he witnessed the building of the Victoria Line.

He felt sure that the new line would make a great contribution to the well-being of commuters, visitors and shoppers.

Fiat puts Strada on sale in UK

BY KENNETH GOODING

FIAT ODAY introduces to the UK its medium-sized hatchback saloon, the Strada, which is sold on the Continent as the Ritmo.

Fiat UK expects to sell between 15,000 and 20,000 Stradas a year. Last yaar it captured a 5.2 per cent market share of the market with 72,192 cars.

The Strada is an addition to tha Fiat range and will sell alongside the Fiat 128, the group's other medium-sized car.

It will take time for stocks tn build up because of supply problems. All car production in Italy has been adversely affected by disruptions associated with the current enegotiation of the metal workers' contract.

The Strada/Ritmo is Fiat's most important model since the smaller 127 was introduced in 1971. It represents the first in a series of changes which should resut i a complete overhaul of the car ranges (including "facelifts") by 1982 which Fiat estimated last year would cost L2,000bn (£1.15bn) for product development and improvements in existing production facilities. The cost of developing the Strada/Ritmo was put at £125m.

Tha company is also baving to slow down the programme for additions to its dealership network because there are not enongh high-quality dealers available. Fiat now has more than 400 UK dealers and had hoped to push this total to 450 by the end of this year.

The Strade/Ritmo is offered in either three or five-door versions with transverse mounted engines of either 1300 cc or 1500 cc.

They will cost from £2,900 to £3,600, putting the six-model range in competition with such rivals as Ford's Escort, BL's Alleero, Chrysler's French-built Horizon and the Volkswagen Golf from West Germany.

Sotheby's buys auction house for £900,000

SOTHERBY'S HAS bought the King and Chasemore auction house in Pulborough, Sussex for aronnd £900,000. Sotherby's has also taken over King and Chasemore's subsidiary in Taunton, giving it three provincial outlets with Sotherby Bearne in Torquay.

A fourth house, in Chester, Sotherby Beresford Adams, opens next spring. King and Chasemore, probably tha largest independent saleroom outside of London bad a turnover of £2.6m a year.

Christie's is disposing of the Schroder family home contents at Dell Park House, Englefield Green, Surrey. The first day brought in £247,636, more than the target for the three days, and Mannheimer paid £19,000 for an early 19th century north German walnut and marquetry armoire. A big late Meissen part service realised £12,000 and a private huyer gave £7,000 for a rare Francois I walnut meuble en deux corps and paid the same price for a sooth German figured walnut commode.

In London a large bronze figure of Tragedy and Comedy,

SALEROOM

BY ANTONY THORNCROFT

by Sir Alfred Gilbert, was bought by Katz, the London dealer, for £14,500, an auction record for this 19th-century artist. A silvered bronze figure of Icarus, also by Gilbert, was bought by dealer Jeremy Cooper, for £9,500.

In New York, a complete set of Picasso's "La Suite Vollard," comprising 100 etchings and aquatints, was bought by Mel Chase, a Chicago dealer, for £112,000.

Skill shortage tragic, says Brown Boveri

By Hazel Duffy

THE SHORTAGE of qualified engineering and technical staff which, is causing concern in much of British industry, has been identified by Mr. J. Vaughan, chairman of Brown Boveri Kent, as a definite constraint on the company's growth.

In his annual report, he says that "these shortages can force us to curtail deliberately our acceptance of orders, an inhibition to growth that is the more tragic because it tends to arise in those sectnrs of our business which are characterised by advanced technology and in which we have a strong competitive position."

Tesco chief attacks public services

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A STRONG attack on the inefficiency of local authorities was made yesterday by Mr. Leslie Porter, chairman of Tesco, at the Institute of Grocery Distribution's annual conference in Brighton.

Mr. Porter, president of the institute, claimed: "The quality of life in Britain has been lowered through mismanagement, particularly among those public services which come face to face with consumers."

He also claimed that "many local anthorities are barely able to maintain mediaeval standards of public bygiene. Services relating to travel, public utilities and bealth have become matters of monumental managerial indifference and incompetence that generate frustration, bumiliation and hardship among consumers."

Any degree of satisfaction from most public services was an exception rather than the norm.

Mr. Porter's attack was aimed at focusing debate on issues of consumer concern other than price.

He suggested that in many areas, supermarkets—and the goods sold through them — "provide the only real examples that serving consumers is the main purpose of the operation."

He claimed that other High Street services, sucb as post offices or electricity showrooms, had "no conception of such an approach, except through their advertising slogans."

The conference took as its theme changes in consumer and employee attitudes over tha early 1980s.

The institute's raview of the grocery industry, publisbed at the conference yesterday, reports tbat grocery companies' profit margins sre at historically low levels, and foresee no lessening of High Street competition.

It seemed that moves towards large stores will continue to bring pressure on competition.

But the review suggests that "most of tbe large retailers have learned to live with the current conditions and, in many cases, to live in relative comfort."

The institute is less clear, bowever, about the impact that competitive conditions in recent months bas bad on the manufacturer. "If the market conditions are to be with ns for some time, it seems that further rationalisation in the manufacturing sector will be inevitable."

The institute also sees five main trends emerging in the grocery industry in the next decade.

● A mova to processed convenience food with a greater value added;

● More synthetic foods to cater for the price-conscious;

● Continuing popularity of healtb foods and slimming products;

● More meals eaten away from home, either at work, or in restaurants;

● Further growth in tbe take-away and fast food outlets.

State group 'makes new oil find'

By Sue Cameron

THE British National Oil Corporation is though to bave made another oil find in the central North Sea close to an earlier discovery it made last year.

Shell UK said yesterday thet an announcement from the corporation regarding Block 30/17b was expected soon. It was believed that BNOC had found another oil structure on the block after drilling e third well there.

BNOC bas a 51 per cent interest in the block which it operates on behalf of Shell and Esso, which each bave a 24.5 per cent interest. The corporation made its first ever oil discovery on Block 30'17b2 last year and followed this up by drilling a second appraisal well whicb was said tn be "encouraging." A third oil find on the block would add considerably to tbe find's commercial prospects.

The field on block 30/17b is not thought to be particularly large but it is expected BNOC will draw up and submit plans for its development early next year. The field, as yet unnamed, could be the third on whic bBNOC is the operator—it already has this role at Thistle and it is currently negotiating to be the operator on Beatrice.

Leading engineering companies win Design Council awards

BY CHRISTOPHER LORENZ, MANAGEMENT EDITOR

ONLY TWO of this year's 12 Design Council awards for engineerlog products and components have been won by small independent companies, a sharp contrast with last week's five consumer awards, all but one of which were scooped by small firms.

The vast msjority of tbe 1979 engineering winners are units within some of the best-known and largest British companies, Associsted Engineering, GEC, Hawker Siddeley, the Rank Organisatioo and Thorn Electrical.

Also on the list are subsidiaries of medium-sized groups: B. Elliott, the machine tool group, Dowty, Monotype International, and the smaller Rotork.

The other awards go to a subsidiary of the U.S. Schlumberger group—the only foreign-owned winner this year—and to the two really small companies, W. A. Dawson, a Luton construction company with 150 employees, and Watkiss Automation, a 200-man company based in Bedforshire.

The six product winners are: W. A. Dawson, of Luton, for a sheet pile threader which has been designed to make piling operations on construction sites a safer job; Monotype International, of Salfords, Surrey, for the Lasercomp System 3000 high speed phototypesetter;

Rank Cintel, of Ware, Herts, for the Cintel Mark III "Flying Spot" telecine,

Rotork Marine, of Hamworthy, Dorset, for the Series 5 Sea Truck

Solartron Electronic, of Peterborough (and part of Schlumberger), for its 7055 and 7065 industrial digital voltmeters; and Watkiss Automation of Biggleswade, for its WA/25 all-purpose collator.

The six component awards go to: Dowty Mining Equipment, of Tewkesbury, Glos., for its Dowyal hydraulic system, used for controlling powered roof supports in the longwall mining of coal underground; GEC-Henly, of Gravesend, for its Safe-T live jointing ring connector

Glacier Metal, of Alperton, North London (and part of Associated Engineering), for its Directed Lubrication thrust bearing for carrying thrust losds, with the minimum loss of power, in high-speed rotating machines, such as gas turbines for power generation.

Newall Electronics, of Peterborough (and part of B. Elliott) for the Spherosyn linaar displacement transducer,

Petters, of Staines, Middlesex (and part of Hawker Siddeley) for its AC2 air-cooled diesel engine, "a significant advance in small engine design;" and Thorn Lighting, of London and Leicester, for a compact source lodide (CSI) sealed beam lamp.

● NEWS ANALYSIS—ULSTER JOBS

Forklift for Mason's policy

BY STEWART DALBY

MR. ROY MASON, the Northern Ireland Secretary, made what must be his farewell appearance in the Province yesterday—and did well out of it.

He broke his elaction campaign on the mainland to announce in Belfast that another U.S. company, Hyster, a fork-lift concern, had decided to make a £30m investment in the Province and create 600 badly-needed jobs.

Mr. Mason chirped to local journalists in his Yorkshire accent: "You didn't expect to see me back bere, did yon?"

Indeed, we did not. Mr. Mason had said tbat win or lose the election, he would not be continuing as the next Secretary of State.

In recent months bis bardline policy on security, combined with attempts to attract foreign investment as a panacea for the Province's chronic unemployment, seemed to crash around his ears.

In the past two weeks in particular, the security problem seemed to deteriorate markedly. As for job creation through foreign investment, Mr. Mason has not scored since the De Lorean Company started a controversial sports car project at great cost to the British taxpayer last autumn.

Mr. Mason, however, has said that the Hyster involvement shows that last year's investments were not just "a flasb in the pan."

The project has been announced now, even though it will not get underway until 1981. It is not entirely clear what tipped the balance in Northern Ireland's fevour.

Mr. William Kilkenny, the company's chairman, said they had received proposals from wherever they had investigated, including the Irish Republic.

Yet Hyster does not appear to be availing itself of the full range of incentives and subsidies whicb companies can get by setting up in Northern Ireland.

Euphoria

For example, the company is setting up in the Protestant Craigavon area, whicb is not a bigh unemployment area in Ulster terms, and therefore only qualifies for a 40 per cent package of assistance grants.

Whatever Hyster's reasons for choosing Ulster, Mr. Mason wanted to make the most of it and was able to trot out an impressive array of statistics to support his euphoria.

Hyster is the seventh major U.S. company to invest in Ulster in the past year, and its commitment brings the total U.S. investment in the Province to £550m at current prices.

Between them they now employ 17,500 people, 13 per cent of the manufacturing workforce, and hold out the promise of another 4,100 jobs.

But to reduce the Province's jobless total to 7 per cent, it would need a net increase of between 38,000 and 44,000 jobs over five years to 1981. Even allowing for more jobs from other sources, such as expansion by long-existing foreign concerns, these targets seem unattainable.

At the moment there are 61,700 people unemployed oot of a workforce of 545,000, equivalent to 11.1 per cent, or 10.9 per cent seasonally adjusted.

Any attempt to arrest the deteriorating situation should be welcomed. Where the policy can perhaps be fanlted is in the extremely high costs. Assuming that Hyster gets 50 per cent of its capital outlay in terms of subsidies, then the cost per job will be £25,000.

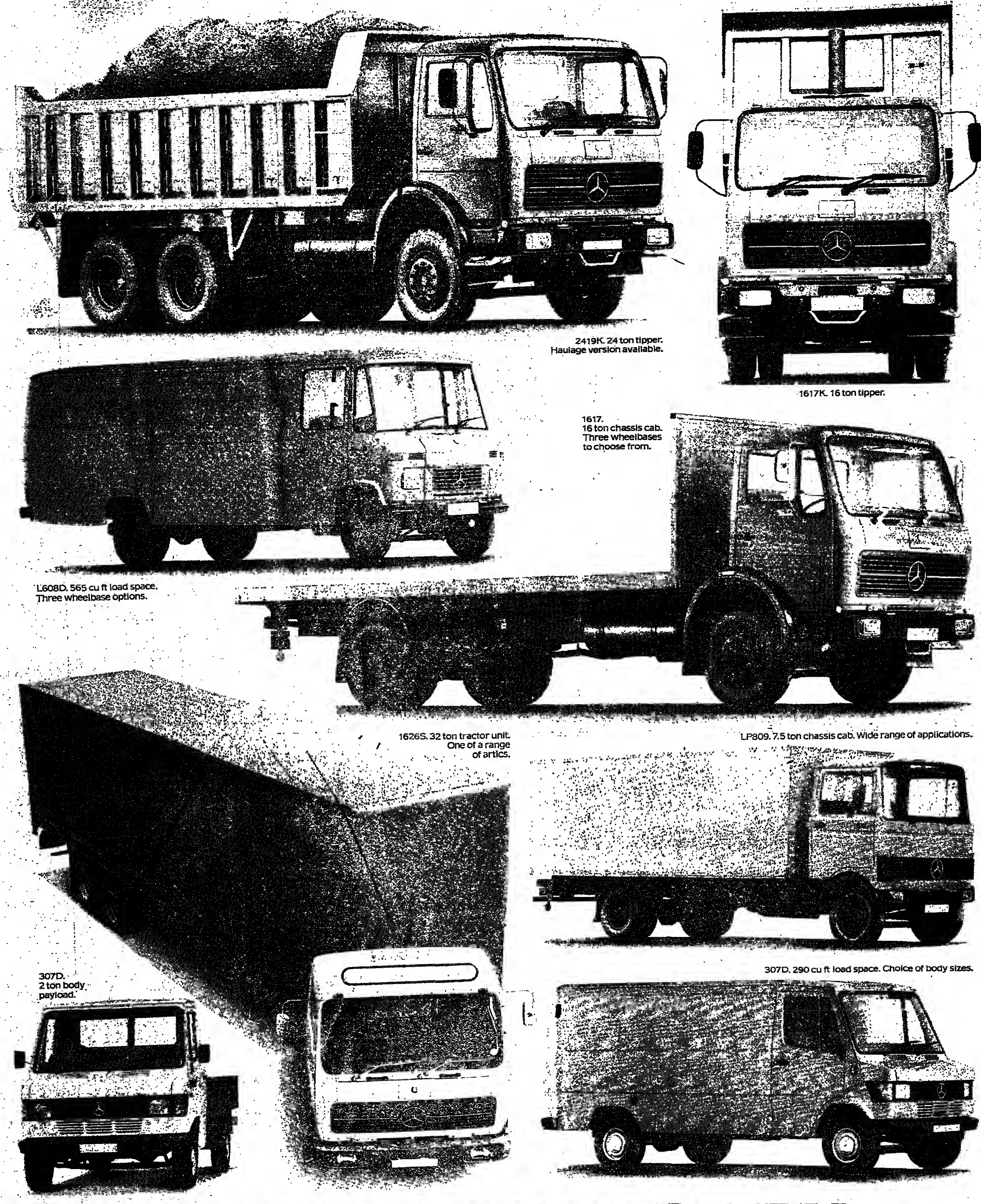
It has been estimated that of the £120m investment that the seven American companies have committed, more than £50m in direct grant assistance and subsidies, probably excluding eqnity interest and loans, sbould come from the British Government.

This maans £12,000 per job, and even at this level Northern Ireland has one of the most expensive job creation programmes in the world.

Hazel Duffy adds: Hyster is one of the major U.S.-owned producers of industrial lift trucks, and bas been manufacturing in Europe since 1953. Its biggest plant in Europe is at Irvine, Scotland, where it employs over 1,000. It also has a plant in Nijmegen, Holland, and a components factory in Belgium, as well as factories in Brazil and Australia. The company's European office is at Basingstoke.

The Northern Ireland plant, which is expected to come on stream in early 1981, will manufacture a range of lift trucks for export all over the world. It seems to have been an entirely footloose project, as the company had looked worldwide before selecting Northern Ireland.

The company's decision to expand bas been made at a time of world over-capecity for lift trucks. The situation in Europe is particularly depressed and conditions have become extremely competitive over the past three to four years.



FORGET WHO MAKES THEM JUDGE THEM AS TRUCKS

What's the first thing that you think to yourself when you see a Mercedes truck?

Great truck but not for me? Better than I need? A bit of an extravagance?

If you do feel that way, we'd like to suggest a little experiment.

Next time you have a chance, have a really good look over one of our trucks. But while you're doing it, try and forget that you're looking at a Mercedes. Just judge it for what it is—a truck.

The idea is to see if you can find anything that is a waste of money.

Assess the engineering that's gone into the chassis and think what that means in terms of durability.

Measure the performance of the engine against its fuel consumption. And check whether the gearbox and differential have the right ratios for your particular operation. Because that can make all the difference to your running costs.

Then look at the way the cab is finished, and feel how positive and solid all the controls are. If that doesn't keep your drivers happy what will?

When you've finished we're sure that you'll have a slightly different idea about Mercedes trucks. They're well made certainly. But an extravagance? Never.

Because we don't believe in engineering for engineering's sake. Only in engineering that is strictly functional. And absolutely reliable.

The trucks above are just a sample from our range. Most are available with a choice of wheelbases and drive trains, so there's almost certain to be one to suit you.

And they're backed by a parts and service organisation that is just as efficient as the trucks themselves.

Mercedes-Benz

UK NEWS

Airline to spend £100m

BY MICHAEL DONNE

AIR EUROPE, the new UK private airline which starts commercial operations next Friday, plans to invest "not less than £100m" on new aircraft by the mid-1980s.

This includes the £30m already committed for five Boeing 737 short-haul jets (one of which has already been delivered), as well as outlays on five more 737s and on long-haul wide-body jets, such as Boeing 747s.

Mr. Martin O'Regan, chief executive of Air Europe, said yesterday that the airline was studying all the wide-bodied jets available, including Lockheed TriStars and McDonnell Douglas DC-10s.

"At the moment, the Boeing 747 is the most likely choice because of its greater load capacity and flexibility, and because we already have a Boeing type in our stable," he said.

"We hope shortly to announce a firm decision and to take delivery options.

"The European Airbus A-300 does not have the range we require for the long-distance routes envisaged, but could meet our longer-term intra-European requirements."

The airline had now sold oll its seats for the 1979-80 winter seasoo to inclusive-tour operators, including oew clients such as Global and Thomas Cook. All seats for this summer were sold some time ago.

For 1980-81, Air Europe is preparing a series of flights from Europe to the UK called "Operation Euroshopper," giving visitors from the Continent a low-fare package including flights each way, hotels and sightseeing.

The service will run between Londoo aod Amsterdam, Berlin, Dusseldorf, Frankfurt, Paris and Scandinavian centres.

BBC to screen £100,000 loan winner

BY SUE CAMERON

THE BBC says it will go ahead with the screening of a £100,000 European Small Business Award winner's ceremony—despite the fact that the "award" is actually a heavily circumscribed loan.

A competition for the "award" was launched by The Money Programme in conjunction with Development Capital, an independent bank. The scheme was billed in Radio Times as "the European Small Business Awards, a competition open to all companies, for a capital sum of around £100,000." But the winners of the contest—due to be announced on TV this Wednesday at 8.20 pm—have been offered not an award but a Development Capital loan on normal commercial terms.

Simbec, the outright winner of the competition, says the terms of the loan offered by Development Capital were "unusually stringent." The founders of Simbec, Dr. Mansel Aylward and Mr. Jeff Maddock, said they had rejected the loan although they were planning to meet representatives of Development Capital this week to see if they could negotiate a £150,000 loan on better terms.

Mr. Maddock said *The Money Programme* had "given the impression that there was some money to be won outright." Ooe edition of the programme had spoken of "giving away £100,000 to ooe of the three finalist companies."

Mr. Maddock said Simbec, which tests drugs to ensure their safety, had complained about this statement. But it had been told that the comment was an ad-lib and that nothing could be done about it.

Mr. Paul Ellis, editor of The Money Programme, said it had been made absolutely clear to all the competition entrants that a commercial loan was on offer. He stressed that the programme and the entry forms had both stated that the competition winners would merely be offered commercial loans.

Protest

Mr. Ellis added that he had written a billing for Radio Times which spoke of "finalists for the award of £100,000 for investment in their business." He claimed the use of the word "investment" meant "We were not talking about money for nothing." He did not believe the award scheme had been presented in a misleading way and denied that the BBC had helped to bring business to Development Capital in any way.

The competition attracted hundreds of entries but it was decided that only 200 businesses were worth considering seriously. Three finalists were chosen by an independent panel of judges. All were offered loans by Development Capital.

Mr. Bill Poeton, chairman of the Uoion of Independent Companies, said that his organisation would protest about the award scheme to everyone concerned, including the Confederation of British Industry which had supported the scheme.

The terms of the loan offered to Simbec included a 26 per cent share of the equity for Development Capital, an interest rate of 13.5 per cent, the loan to be repaid after five years, a Development Capital man to be put on the Simbec board at a salary of £3,500-a-year and a profits' participation agreement.

The participation agreement would have given Development Capital 25 per cent of any pre-tax profits over £50,000 and up to £350,000. The bank would have received 15 per cent of pre-tax profits between £350,000 and £500,000 and 10 per cent of pre-tax profits over £500,000.

Publicity

Mr. Maddock said the participation clause and the 26 per cent of equity condition of the Development Capital loan were two of the main reasons why Simbec had rejected the original offer. Simbec had received more favourable loan offers from other agencies whom they had approached.

But he said that the publicity the company had received as a result of the competition had helped it considerably—a point stressed by Mr. Ellis who said all the finalists had benefited from the coverage their companies had had on the programme.

Mr. Ellis said the idea for the award scheme had emerged during a lunch attended by himself, Sir John Boulton and Mr. Hugh Armstrong, managing director of Development Capital. Development Capital obtained its money from a number of pension funds.

During the lunch the three had discussed the problems of small businesses which required money but were not able to raise it, and of the pension funds having money and not always knowing where to place it.

Birmingham office rents rise faster

BY ANDREW TAYLOR

RENTS for prime office space in central Birmingham rose faster last year than in any other major city, including London, according to a report published by Debenham Tewson and Chinnocks, chartered surveyors.

Since spring last year average rents for prime office in central Birmingham have risen by around 40 per cent compared with a 20 per ceot average for prime sites in the City of London, says the report.

Rents for prime sites in Birmineham's centre, however, are still averaging around £3.50 a sq ft compared with £18 a sq ft in the City of Londoo—the highest figure since spring 1975.

Debenham Tewson, however, says that these are average rents for certain size and type of office accommodation developed in the late 1960s and early 1970s. Recently, the best modern office space in the City of Londoo has been commanding rents of about £25 a sq ft.

The sharp uplift in Birmingham rents last year reflects a growing shortage of top quality office space in the city centre. Many overseas banks and other commercial operations have taken office space in Birmingham and other major provincial cities over the past seven or eight years.

In Leicester, however, where there is a large surplus of office space, average reots for prime sites have fallen to £1.50 a square foot.

The report also makes an interesting comparison between rental levels and the rise in building costs over the past seven years. "Over this period the cost of private commercial construction rose by an average 16 per ceot per anoum. Only three centres have sustained renial increases in excess of this.

"Liverpool averaged annual rental increases of 25 per ceot, while Sheffield reached 20 per ceot—but both were rising from a low rental base of £1 a sq ft. Leeds achieved reotal growth of 17 per cent a year.

"Over the seven years rents have grown at vastly differing rates across the country. Broadly speaking, rents in the provincial centres have performed better than those in central and outer Loodon. The 1974 rental peak io central Londoo and the subsequent plunge bas resulted io low overall growth rates."

The report also compares commercial rate increases over the same period. Although there were ofteo wide fluctuations io individual annual rate increases, these teoded to iron out over looger periods.

Thus most of the locations in the survey "have averaged increases between 14 and 18 per cent per annum since 1973."

Debenham Tewson says: "This would iodicate that variations in aonual rate increases tend to even out in the loog term and cannot, therefore be considered a major factor io determining location, although there is a wide disparity betweeo the actual cash amount paid in rates in individual areas."

Office occupiers, however, in many London boroughs and provincial centres are facing substantially increased rate demands this year. The average rate increase for the 28 centres in the survey is 13 per ceot, compared with the previous year's 3 per cent iocrease. Commercial rates io the Loodoo borough of Lambeth bave increased by 30 per ceot since last spring.

May Day trains

BRITISH RAIL Southern Regioo will ruo 35 extra traios to the South Coast, West Country and the Chaooel ports on Mooday, the May Day Bank Holiday.

Decline in building industry forecast

BY MICHAEL CASSELL

THE recovery in construction industry output achieved during 1978 is unlikely to be repeated this year, according to tbe National Federation of Building Trades Employers.

In its annual report, the federation says that the past 12 months have been full of "contradictions and false illusions" for the construction sector.

The hoom in smaller repair and maintenance work contrasted with a further decline in public works and new house buildiog.

A "mucb needed recovery" io house builders' margins led to a marked rise in private aector starts, though this was soon stifled by Government restrictions on mortgage lending and by a doubliog of interest rates.

The report says that the general impression of a substantial recovery in the industry's workload during 1978 disguised "the massive imbalance hetween different sectors and the low capacity at which the industry is still operating wben compared to the peak 1973 period."

The indostry was unlikely to return to outpot levels achieved in the early part of this decade, altbough the outcome of the Geoeral Electioo migbt influence the investment climate aod the balance of work ln the public and private sectors.

The federation says mnch greater capital investmeot will be required from the new government. "The social and industrial infrastructure of the country has been ruo down in past years as successive governmeots, faced with sudden calls to reduce public expenditure, have takeo the easy way of cutting capital projects rather than recurrent services."

The report adds that "capital investmeot is not something that cao be carried out in fits and starts and, perhaps even more than an adequate workload, the industry needs a steady workload."

Newsagents threaten industrial action

NEWSAGENTS may take Industrial action if the oext government does not act on their six-point charter for small shopkeepers, Mr. F. R. Green, president of the National Federation of Retail Newsagents said yesterday.

"We are sick and tired of politicians who pay lip service to the encouragement of small husinesses," he told 600 members at the federation's diamond jnbilee conference.

"The aconomy would be io an eveo worse way without us, but they think we are too scattered and independent to exert the kiod of pressure the unions can muster.

"But I've got news for the politicians. In the words of a recent cigarette advert—we're mild but not meek. And the accumulation of hureaucratic hungling and print uoion bloody-mindedness is rapidly turning us from the mild ones into a hloody angry hunch," he said.

"In 1979 wbat more do we have to do to get a charter for the small businessman? In Heaven's name enough MPs are themselves partners in small businesses and consultancies to know what we are oo about—even Jim Callaghao knows what the prohlems are through running his farm. And we wish him many years of happy retiremeot down there. We hope he enjoys the paper work."

The six points are: standards of fair trading; the results of strikes on small businesses; the tax system; employmeot protection legislation; local rates; and VAT reforms.

Savings plea to wives

BY ERIC SHORT

THREE OUT of four wives have no personal savings io spite of contributing their earnings to the joint household hudget. And their fioancial plight hecomes apparent immediately if they are divorced or widowed.

These facts have emerged from research hy Hambro Life Assurance, a leading UK lioked-life company, into the financial problems of women, particularly widows.

The survey showed that all too often, financial problems added almost intolerable burdens to widows trying to cope with intense grief and emotiooal re-adjustment. Most widows in the survey faced a big drop in living staodards with only ooe salary instead of two.

A significant number of widows found themselvea jnst able to keep their house and pay their way.

The widow's pensioo from their husbaod's company pension scheme, if any, was usually inadequate and there was no evidence of realistic amounts of life assurance.

The company has published two free booklets to belp womeo meet these problems. They aim to show the problems and the hasic financial realities that lie ahead.

Mr. Mark Weinberg, managing director, said that very few life companies had taken women's finaocial prohlems seriously, and those that bad, had often desigoed unnecessarily complex packages.

IBA local radio contracts allocated

BY ROBIN REEVES

THE allocation of local commercial radio contracts for Cardiff and Coventry was announced by the Independent Broadcasting Authority in Londoo yesterday.

The Cardiff contract bas gone to Cardiff Broadcasting, the *odd* man out among the original six contenders for the franchise. The group, under the chairmanship of Mr. David Williams, head of Allied Windows (South Wales) in Cardiff, held several public meetings before it was formed in an attempt to establish a "community-owned" radio service.

Midland Community Radio, chaired by Mr. J. B. Butterworth, was chosen from the five contenders for the Coveotry franchise.

The two stations expect to he on the air in about a year, subject to IBA approval of thair final plans.

They will be the first of a new generation of local commercial radio stations, triggered by the Government's decision last year to lift its 1974 embargo on extending local radio.

Cardiff Broadcasting haa been given a dual capital atructure in order to meet its "community-based" aspirations. *Half* the capital *is in* the hands *of* the financial backers, and half is beld by the Cardiff Community Trust, *which* represents *voluntary* organisations, interested groups, and individuals.

Mr. Williams stressed yesterday there were no large sharebolders, and that the hackers had agreed to spread the ownership as widely as possible. The group would be issuing a prospectus to invite further participation.

The new statioo would have mainly discussioo programmes along the lines successfully developed hy Plymouth Souod. Welsh language would not account for more than 10 per ceot of output.

Chief executive of Cardiff Broadcastiog will be Mr. A. J. Gorard, founder member and former managing director of the HTV group. It emerged yesterday that Mr. Gorard advised the group on its IBA applications and has since accepted its invitation to become chief executive.

Peterborough is next in line on the IBA's list of new local radio contracts, and plans are also in hand for stations at Gloncester, Dundee and Perth, and Exeter and Torhay.

Wage rises 'top cause of inflation'

By James McDonald

DESPITE pay policies aimed at limiting inflation, wage iocreases are oow the single most important faetor boosting preseot costs, claims a trend survey of manufacturing companics in Loodoo aod the South-East today.

According to the survey, published hy the London Cbamber of Commerce and Induatry, it is "extremely unlikely" that there will be any significant reduction in the unemployment level in the sooth-east. Latest figures ahow this staoding at 280,000.

The survey deals with the period from October, 1978, to May this year.

The report states that while two years ago 66 per cent of companics reported that the iocreased cost of raw materials was the most important factor inflating costs, with a comparative figure of 12 per ceot for wages, the figure for raw materials now stands at 32 per cent. More than half the companles surveyed said that wages were now the single most important factor.

UK NEWS — LABOUR

Television director wins job battle

BY NICK GARNETT, LABOUR STAFF

A TELEVISION programme director whose job was threatened in a closed shop dispute has reached an agreement with a trade union after an appeal to the Independent Review Committee.

The Association of Cinematograph, Television and Allied Technicians has agreed to treat the director as if he were a full member until its rules allow him to become one, after the review committee found in his favour.

The operation of closed shops has become an important issue in the General Election and the Conservative Party says it would introduce statutory redress for workers who under certain circumstances fall foul of the closed shop. This could involve compensation payments.

The agreement between the Labour Government and the TUC on industrial relations emphasises the role of the review committee, set up in 1976 to consider appeals from individuals, in sorting out closed shop disputes.

Apply

The television director, Mr. R. Mayhew-Smith, who had recently returned from working abroad, told a review committee hearing that the union had informed him that it had a post entry closed shop at the Independent Television companies. To qualify for membership he would have to apply for an openly-advertised post.

Mr. Mayhew-Smith said he was told that if he secured a job he could join the union. At no time was there any indication that he might be refused membership.

He accepted a job as director of Thames Television's After Noon, a job for which the union had suggested he apply.

After starting work, Mr. Mayhew-Smith applied with required sponsorship for membership of ACTT bnt the application was rejected.

Mr. Maybew-Smith told the committee hearing that he had neve been told officially, but he nnderstood one of the reasons was a canvass of members within the union branch on whether a "non-unionist" should be given a job as After Noon's programme director. The wording of this question was unfair, said Mr. Mayhew-Smith.

Thames Teleision had informed him that if he was unable to obtain membership his employment would have to be terminated.

The union told the committee, the secretariat for which is supplied by the TUC, that ACTT had about 530 television directors as members with only 200 jobs available. When considering applications for membership a determining factor would be the views of ACTT members close to the vacancy. A canvass of directors had shown a majority against Mr. Mayhew-Smith filling the vacancy.

Factor

Although the union had a sympathetic system for accepting directors for membership, ACTT claimed that the company had contravened the agreement which required Thames TV to give the fullest possible consideration to existing ACTT members applying for jobs. Mr. Mayhew-Smith's predicament was entirely the fault of the company, said the union.

The independent review committee decided in favour of Mr. Mayhew-Smith, partly because of the "unsatisfactory" nature of the ballot and the apparent failure of the company to operate agreed procedures.

The union's executive and Mr. Mayhew-Smith agreed that the director be given a document stating that in any application for employment be would be treated as though he were a full union member and that on obtaining suitable employment he would be admitted to membership on reasonable terms.

Westland staff strike over pay

BY NICK GARNETT, LABOUR STAFF

WHITE COLLAR staff at Westland Helicopter's Yeovil plant, which has been bedevilled by disputes over wage rates, have come out in a strike over pay.

The strikers, who number just under 1,000 and include buyers, production control and salary department staff, and security men have been picketing the plant, causing some disruption to the supply of materials. But the company said yesterday that it had not interfered with production.

The company said that it had offered 12 per cent across the board with a further 1 per cent of the overall wages bill to be used to sort out pay anomalies.

This would give rises of 12 to 18 per cent with payments varying from £6.40 to £10.17. At the same time, the company's productivity related bonus which is providing increases of 5 per cent is being continued.

Hospitals 'wasting millions' on bonuses

BY PAULINE CLARK, LABOUR STAFF

HOSPITAL authorities wasted "millions of pounds" by failing to implement self-financing productivity schemes to pay for bonus rises to 9,000 hospital workers last year, according to an electrical industry union leader.

Mr. Peter Adams, national officer of the Electrical and Plumbiog Trades Union, said that although hospital maintenance engineers and electricians had agreed to take part in genuine productivity schemes under last year's pay deals, only "a handful" had actually been given the chance to do so.

"I can't understand why the Government allowed industrial action to go ahead wheo it was clearly prepared to pay the money anyway," he said.

Mr. Adams was the leading union negotiator involved in the week-long industrial action by 5,500 hospital electricians last July and the major disruptive action by 3,500 maintenance supervisors in October which lasted five weeks and added 60,000 patients to hospital waiting lists.

The Government stipulated that 75 per cent of hospital electricians should agree to join incentive schemes to receive an extra £8.80 bonus on top of a 10 per cent pay rise. In the maintenance supervisors' dispute, unions' agreement that they should all be given the opportunity to take part in self-financing schemes was an essential part of their final settlement.

Yet according to Mr. Adams, only about 50 per cent of the hospital workers are now actually participating in bonus schemes. This was little changed from a year ago. Hospital authorities were effectively "paying double" for a considerable amount of maintenance work. They were still paying, for instance, for outside contractors to maintain lifts, instead of using their own workmen.

The union said the hospital electricians had received rises of between 12½ per cent. and 20 per cent. under this year's wage settlement. But the group, whose pay linked to rates in the private contracting industry, have yet to accept terms for a bonus. The new rate for hospital electricians is put at £77.20 a week plus a lead—in bonus payment of £1.50.

Miners' election warning

By Pauline Clark, Labour Staff

THE NATIONAL Union of Mineworkers has described the prospects for Britain's coal industry as "brighter than they have ever been" because of support from Labour Government policies.

Urging miners not to forget the 1974 confrontation by the Tory Government when they go to the polling booths on Thursday, the latest issue of the union's journal Miner, says that the Labour Government "have put their money where their mouths are."

The contrast in the coal industry's fortunes after Labour won the last election is described as "dramatic." The Government had taken "all possible steps" to honour its manifesto pledge to regenerate the industry.

The journal points out that since taking office in 1974, the Government had made a total £659.5m in grants to the industry including a £100m contribution to the Pneumoconiosis Scheme.

USDAW first to back Labour's concordat

FINANCIAL TIMES REPORTER

BRITAIN'S sixth-largest trade union, the Union of Shop, Distributive and Allied Workers (USDAW), yesterday became the first TUC affiliate to endorse the concordat with the Labour Government.

The 1,000 delegates at USDAW's annual conference in Eastbourne passed a resolution endorsing the joint TUC-Government concordat and went on to declare that talks should continue between Labour and the TUC.

Outgoing USDAW General Secretary Lord Allen said: "We look forward over the next five years to a second industrial revolution. Abundant energy supplies provide us with opportunities which few other countries have.

"Micro-electronic technology will transform several sectors of our economy. With a Labour Government at the helm, a second industrial revolution will not be accompanied by the misery, deprivation, degradation and poverty of the earlier revolution of the 19th century.

"It will be a Socialist revolution on Socialist lines—not a revolution born of conflict, but a revolution based on the co-operation of working people and their Government."

Journalists expelled

THE National Union of Journalists has expelled more than 20 journalists employed by the Press Association, the national news agency, for disobeying a strike call.

The expulsions were ordered by the union's national executive when it considered the cases of 35 PA journalists who had faced disciplinary proceedings. It has still to deal with 30 others and a final 30 will face disciplinary tribunal early in June.

Press Association journalists were ordered in December to strike in support of a pay strike by provincial journalists, but a majority stayed at work. The strike lasted seven weeks.

An NUJ spokesman said expulsion letters were being sent out yesterday and those who had been fined or acquitted would be told later. He was not specific, but it is understood expulsions have been ordered in over 20 of the 35 cases.

Post Office talks set

By Our Labour Staff

PAY TALKS will be held tomorrow aimed at halting the industrial action in the Post Office by computer staff which has halted the issue of all telephone bills. The dispute was added to yesterday by selective strikes of clerical staff.

The Post Office will meet officials of both the Civil and Public Servants who have been taking action over pay claims of more than 20 per cent.

Callaghan predicts a 'national catastrophe'

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN last night warned that a Conservative government which opted out of pay and price restraint would bring "national catastrophe."

"A Conservative free-for-all is the road to higher prices in the shops, fewer jobs more strikes, the weakest to the wall," he told a Labour rally in Chatham, Kent.

"A Conservative free-for-all will quickly end in broken hopes and shattered living standards.

"I know that. You know that. Edward Heath knows it. Only the present Conservative leadership refuses to face the fact. That is why Britain cannot afford the high cost of voting Tory."

Mr. Callaghan said that the foundation of hopes for a better life in the next five years lay in the defeat of inflation.

Labour would seek a united national effort to halve price rises in the next three years. It would build on its agreement with the TUC, and bring in the employers to make sure that pay settlements were moderate and fair.

"I do not pretend that pay moderation is easy to achieve," Mr. Callaghan said. "I do not pretend it is a painless cure for everything.

"But without the price stability that you get from pay moderation you cannot achieve the improvement in real family spending power, in pensions, schools and hospitals."

Conservative policy would destroy any chance of securing the co-operation needed to hold down the cost of living.

"To provoke conflict with the unions and a free-for-all on pay is not a convincing alternative. ... Tinkering with the law on industrial relations is no substitute for facing up squarely to the real needs of the people."

Mr. Callaghan went on to tell his audience of his vision of Britain in the 1980s.

Fear of inflation and unemployment could push people to great selfishness, intolerance and self-preservation, he said. Economic improvement was the means by which the country could move towards the goal of a compassionate and caring society.

"I reject utterly the doctrine of privilege and materialism, any doctrine which sets rich against poor, the healthy against the sick, the clever against the slower learners.

"I believe in a better Britain, one nation for all our people; a country in which the haves do not continue to grab at the expense of the have-nots; a place where people give as much, if not more, than they take."

Mr. Callaghan concluded: "We must find again the warmth, community feeling and mutual support which was given one to another before the pursuit of gain became a dominant force in our society."

Freddie Mansfield and Hugh Routledge

Conference faces: Mr. Denis Healey (left), Mr. David Steel, Mrs. Margaret Thatcher and Mr. James Prior

Basnett warns on co-operation

By Pauline Clark, Labour Staff

MR. DAVID BASNETT, chairman of the Trade Unions for a Labour Victory Campaign, raised strong doubts yesterday over whether a Tory Government could sustain a working relationship with trade unions, even if unions initially offered to co-operate.

After Mrs. Margaret Thatcher's expression of confidence at the weekend that union leaders would work with a democratically elected Conservative Government "when the dust settles," Mr. Basnett gave a warning that co-operation was "a two-way street."

He said that he would offer to co-operate, but challenged the Tories to respond, asking: "Will Margaret Thatcher accept?"

Mr. Basnett, general secretary of the 945,000-strong General and Municipal Workers' Union, described the Tory form of co-operation as "the same as their concept of consultation in industry. They will tell us what they have decided."

The Tories, he said, believed that the trade union issue was the key to electoral success, but they were "beating it up with distortions, half-truths and downright lies for all they are worth."

At an election meeting in Hounslow, Mr. Basnett said the Tory policy towards trade unions consisted of "a long list of criticisms and complaints of the kind that can be heard any day in the directors' dining rooms in the City and the more opulent restaurants and taverns of the Home Counties: criticisms and complaints that are found in ignorant and prejudiced and peevish and ill-informed gossip."

He continued: "Even the Tories know they cannot do a repeat performance of 1971. They would be laughed to scorn by the electorate.

"Whatever they now say, the trade union movement did not refuse to co-operate with the Heath Government. It was the Heath Government which refused to consult and co-operate with the trade union movement."

Heath sees Russian threat to peace

BY IVOR OWEN

OUTWARD-LOOKING policies which emphasise Britain's willingness to play a full part in world events were advocated by Mr. Edward Heath in a major foreign affairs speech at Sidcup last night.

In a wide-ranging review of the opportunities for a more assertive role for British diplomacy, he endorsed the warnings by Mrs. Thatcher about the dangers posed by the growing strength of the Soviet Union and its Warsaw Pact allies.

The care taken by the former Prime Minister to demonstrate his accord with Mrs. Thatcher on key foreign policy issues must strengthen the hopes of many leading Conservatives that an election victory will lead to him being offered — and accepting — a senior Cabinet post.

A Conservative Government was needed, he declared, which would be prepared to play a full part in world events rather than attempt to "pull down the shutters and hope that the world will go away."

Mr. Heath predicted that more change would be needed in the next 30 years than in the last 30 and warned that, to survive the next few years, Britain would have to come to terms with a faster moving, more competitive and more frightening world.

"If we fail to meet that challenge then Britain will pass out of the mainstream of history."

Britain reduced to being "a ghost of the past" was not idle speculation but recognition of the effect of five years of stagnation under a Labour Government.

"We are in grave danger as a nation of becoming totally absorbed in ourselves."

Mr. Heath described the world situation as perhaps the most dangerous since 1945 — "dangerous politically because of the apparent reluctance of the U.S. to act as a counter-balance to the Soviet Union in its attempt to expand into new areas."

There were also "real" military dangers. "The strength of the Warsaw Pact grows without check, and nuclear proliferation is a threat to which we cannot remain indifferent."

Mr. Heath insisted that Britain had a part to play "in tomorrow's world" which reflected the historic ties with the U.S. as well as membership of the EEC.

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Aerospace pledge

BY PAUL TAYLOR

CONSERVATIVE proposals to sell back British Aerospace to the private sector would not result in job losses, Sir Keith Joseph, Conservative Industry spokesman and head of policy research, claimed yesterday.

Instead, Sir Keith suggested that British Aerospace workers might actually face better prospects if part or all of the state-owned company is denationalised.

The Conservatives, he said in a statement, were committed to offering British Aerospace back to the private sector. "We cannot of course know what interest there is likely to be from the private sector, or whether any transfer of ownership would be total or partial."

He said the Tories believed the aircraft industry would, in the long run, have better prospects as a private business.

Mr. Michael Heseltine, Conservative environment spokesman, outlined the Labour threat to jobs with small family companies.

Mr. Heseltine said the wealth tax would force companies employing 15 to 20 people to sack people until they were small enough to escape the tax.

Sir Geoffrey Howe accused Labour of fighting "one of the most deceitful election campaigns in British political history."

Mrs. Sally Oppenheim, Tory prices spokesman, warned voters that Mr. Callaghan was not likely to last longer than "a year or two" as Prime Minister if Labour won. It could then be Mr. Benn or a puppet Prime Minister who takes over.

Polls show Scotland Labour lead

ACCORDING TO the latest opinion polls, Labour is holding its clear lead over the Conservatives in Scotland, where it has 39 seats. They show, however, that the Conservatives have pulled back some of the support they lost to the Scottish National Party in 1974.

Opinion Research Centre, for The Scotsman, gives Labour 43 per cent, Conservatives 34 per cent, SNP 15 per cent and Liberals 8 per cent: little change from its last poll.

System Three in the Glasgow Herald gives Labour 41 per cent, Conservatives 30 per cent, SNP 17 per cent, Liberals 11 per cent and Scottish Labour Party 1 per cent. That narrows the gap since the last poll, which gave Labour 49 and Conservatives 27.

LORD ALLEN of Fallowfield, general secretary of the shop-workers' union USDAW, attacked Conservative industrial relations policy yesterday when he opened the wages debate at the union's annual conference at Eastbourne.

He said that Mr. James Prior, Tory employment spokesman, posed as the progressive ally of the union. But Mrs. Thatcher vacillated "between banging, drawing and quartering us one year and wooing us the year after."

PUNTERS YESTERDAY increased their betting on a Tory victory. Odds continued to be cut and Ladbrokes said that they had taken more than £80,000 on the Tories at 3-10, and £500,000 on them altogether. At William Hill, £50,000 was taken in three hours on a Conservative victory.

LORD GEORGE-BROWN, former deputy leader of the Labour Party, said that a change of Government looked very likely on Thursday. Replying to Mr. Michael Foot, who said that Labour had long stopped listening to Lord George-Brown, he commented: "It could be that was when things started to go wrong."

WORKERS AT Heathrow Airport are being urged to vote Labour "and then kick out Prime Minister James Callaghan" in a Left-Wing airport workers' newspaper. The editor is Mr. David Wetzel, Labour candidate for Twickenham.

BRITISH Caledonian Airways is offering special half-price return fares for Britons travelling home from selected Continental airports to vote in the general election. Last week British Airways announced a similar offer.

THE SOCIAL Democratic and Labour Party in Ulster says that Mr. Pat Bradley, election agent for their mid-Ulster candidate, Mr. Paddy Duffy, was beaten up by an Ulster Defence Regiment patrol in Cookstown.

Healey scorns 'ignorant Conservative dogmatism'

BY JOHN HUNT

AS THE general election campaign entered its final phase yesterday, Mr. Denis Healey, the Chancellor, concentrated all his fire on the Conservative pledge to cut public spending.

He said that a forecast by Mr. Nigel Lawson, a Tory Treasury spokesman, that a Conservative Government would cut spending eventually by £9bn, could throw 1m people out of work by ending all industrial aid.

Speaking at Labour's daily press conference, he said that the "ignorant dogmatism" of the Conservative leadership would mean that all government assistance would be "torn up by the roots."

To back up Mr. Healey's allegations, Transport House produced a document on the results which it claimed would flow from a Tory decision to cut spending by £4bn, another figure that had been given by Mr. Lawson.

It claimed that pension increases would be cut by 5p in the pound—£1.60p off the married couple's pension by 1982.

Expenditure on the arts would be reduced by half and Covent Garden and the National Theatre would have to be closed, it says.

According to Mr. Healey, cuts of £9bn, taken with the promised increases in spending on law and order and defence, would involve a cut of 16 per cent on average in all other programmes.

This, he went on, would mean savage increases in prices through the ending of subsidies to the nationalised industries, to school meals and council housing. Council rents would have to rise by £2 to £3 a week, while railway fares and school meal prices would double.

If Mrs. Thatcher was serious about her promise of a "radical alternative" then it would mean a massive increase in unemployment.

According to Mr. Healey, the Conservative spokesman had been talking in London about cutting spending while promising to maintain individual programmes during their tours in the constituencies. Thus, the electorate seemed to be offered a choice of two Tory manifestos.

"The choice is between a prospectus that is disastrous and a prospectus based on shabby opportunism that has not even the merit of internal consistency," he declared.

The Prime Minister sitting U-turn, as Mr. Heath did in to say that, in his view, the Conservatives would find it quite impossible to implement their programme.

"There would be a sudden U turn, as Mr. Heath did in 1970," he predicted.

Mr. Callaghan said that Labour was content to be judged on its record. It had cut the rate of inflation and intended to hold down prices by reform of the Common Agricultural Policy and strengthening of the Price Commission.

On wages, he again stressed the importance of Labour's concordat with the unions.

Mr. Healey maintained that there was growing puzzlement and scepticism about Conservative policies and uneasiness about the capacity and responsibility of Conservative leaders.

He also tore into the Tory proposals to reduce income tax by shifting some of the burden onto indirect taxes. At the same time, he admitted that he hoped to do the same himself—only on a more modest scale.

Tory proposals to increase VAT would add 2.25 per cent to prices, he said, and there would be increases in duty on beer, cigarettes and petrol. If £4bn was raised by indirect taxation, it would add another 4p in the pound to the cost of living.

Prior hopes for ballot requests

By Paul Taylor

TRADE UNIONISTS will be expected to speak out and demand secret ballots for union elections under a Conservative Government, Mr. James Prior, shadow employment spokesman, said yesterday.

Mr. Prior, speaking at the Conservative Press conference, repeated the Tory pledge to provide funds for secret and postal ballots "where required."

Secret ballots would not be introduced compulsorily but Mr. Prior said the Tories would encourage them "every way we can." It would, however, be up to trade unionists themselves to bring about changes, by demanding secret or postal ballots.

He said he was convinced that Britain would make no progress until "we get our industrial relations right."

The Conservative Party's confidence on the industrial relations election issue had clearly been boosted by the Conservative trade union rally in London on Sunday, attended by about 2,000 people.

Mr. Prior described the rally as "quite a landmark" and "a considerable breakthrough." He said it was an important first step showing that the Tories were beginning to break through Labour's domination of the trade unions.

He was "a little bit sceptical" about terms of reference and membership of the new Comparabilities Commission and did not wish to say where in the public sector the Tories would attempt to conclude no-strike agreements.

Sir Geoffrey Howe, Treasury spokesman for the Conservatives, denied the Labour charge that only those earning over £10,000 a year would benefit from the Tory's planned tax cuts.

He said Labour had failed to take a number of factors into account when making the calculation.

Mr. Michael Heseltine, opposition environment spokesman, again outlined Conservative policy on council house sales and said there was evidence of "despicable smear tactics" by the Labour Party at grass-roots level.

Mrs. Thatcher explained why she refused a television debate with Mr. Callaghan and said she was "cautiously optimistic" about the outcome of the election.

Later, speaking at Ilford, Mrs. Thatcher insisted that the Conservatives would not be deflected from the policies on which they had been fighting the campaign all along.

Regardless of what the polls said, and Labour claimed, the Tories would be "pursuing this week exactly the same tactics and strategy as over the last two weeks."

She once again repeated the party's commitment to safeguarding the interests of pensioners.

CBI leader denies Labour boost

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

MR. DENIS HEALEY failed last night to call Sir Michael Clapham, a former president of the Confederation of British Industry, in aid of the Labour Party.

Mr. Healey claimed that Sir Michael believed that "Labour has done more for British industry" and that he had stopped his company subscribing funds to the Conservative Party.

But Sir Michael, who is chairman of Imperial Metal Industries, last night published the text of a letter he has written to Mr. Healey which says: "It is not my view that 'the Labour Party has done more for British Industry'—unless you mean more for its decline."

But Sir Michael acknowledges that—"trying to be fair"—he had given the Labour Government some praise at a recent shareholders' meeting. "I said that the Labour Government had removed more company tax than the Conservative one, referring to your stock appreciation relief."

Sir Michael says in his letter that his company's policy in the past has been not to make contributions to any political party but to remain neutral. This remains its policy.

He adds, however, that he did tell the shareholders who wanted the policy changed that "we would support the Conservative Party if there was a direct threat to our company."

Mr. Healey has now made the claims concerning Sir Michael at least twice—once on television last week and yesterday at Labour's Press conference.

It seems unlikely that Mr. Healey has lighted on his target accidentally. Sir Michael is known as one of the Confederation's more liberal leaders and stood firmly behind Sir Campbell Adamson—who was CBI director general, during the February 1974 general election campaign—after Sir Campbell ran into trouble for making contentious remarks about the then Industrial Relations Act.

CBI members attacked Sir Campbell and some wanted him to resign but, with the support of Sir Michael, he remained in office. Later, Mr. Heath partly blamed him for the Tories losing the election

This time, the CBI has tried hard to keep out of the running political debate and last night Sir John Methven, its present director general, was said to be furious with Mr. Healey

Liberal speeches

AN OVERWHELMING majority of the people want an election result which will enable Liberal MPs to influence the actions of the next Government, Mr. David Steel claimed in his Scottish constituency last night.

He accused Labour and Conservative leaders of treating voters with contempt, in the expectation that they would regard the outcome of the election as a gamble in which the winner received a blank cheque.

At Orpington, Lord Avebury urged traditional Labour voters to support Liberal candidates in all constituencies where they were "breathing down the neck" of the Tories.

"If enough of them support the Liberals, as the only possible way of defeating the Tory, then Mrs. Thatcher will have to cancel her removal van next Friday", he said.

Mr. Stephen Ross, Liberal spokesman on local government and candidate for the Isle of Wight, reaffirmed that the party would abolish domestic rates and introduce local income tax and the taxation of land values.

Mr. Richard Wainwright, seeking re-election as MP for Colne Valley, said that politicians "should humbly and honestly admit that no Government had found the answer to all the problems involved in upholding law and order.

"The length of prison sentences had gone up 50 per cent in the last 15 years without doing the trick.

Powell berates U.S.

BY IVOR OWEN

POLITICAL LEADERS in the U.S. were told bluntly by Mr. Enoch Powell last night to stop intervening in the affairs of Northern Ireland.

While avoiding any direct reference to individuals, he left little doubt that his main targets included Mr. "Tip" O'Neill, Speaker of the U.S. House of Representatives.

Mr. O'Neill said that after the general election, the U.S. would insist on "a real and major initiative on Ulster."

"We have been warned," Mr. Powell declared. "America, whose ignorant and impertinent meddling has left a trail of havoc around the world, is preparing to bring her weight to bear upon the UK, to tell us what portions of our State are to be given up and how we ought to set about the business of surrendering them."

Steel stresses common aims

BY JOHN LLOYD

MR. DAVID STEEL, Liberal leader presented a "Queen's Speech for a People's Parliament" yesterday, based, he said, "on the knowledge that we alone can help Parliament and the country to find a common purpose and a common programme."

The "Queen's Speech," given its off-Westminster try-out at the party's Press conference, is probably unlikely to reach the larger house, at least not without substantial script changes. However, Mr. Steel endorsed it strongly, saying that voters deserved "a clear view of future policies."

At the same time, he made clear that, should the Liberal Party take a junior partnership in the next Government, proportional representation would be the "key reform" on which the party would insist as a minimum price for its support.

Mr. Steel also said that support for the party, although patchy, was strong enough to give him his target number of MPs, between 20 and 50, and pointed to a poll in Sunday's Observer showing that 47 per cent of those polled wanted Liberal participation in government, compared with 26 per cent and 22 per cent respectively who wanted strong Conservative or Labour governments.

Mr. Tariq Ali

MR. TARIQ ALI is the Parliamentary candidate for Southall of Socialist Unity, not the *Workers' Revolutionary Party*, as reported in yesterday's Financial Times.

Why 'Jones the vote' believes staunchly in a Liberal future

BY IAN HARGREAVES

Trevor Jones

IF THE Liberal Party's Parliamentary presence fails to expand significantly as a result of Thursday's election, there will be a loud, Liverpudlian voice at the resultant inquest.

Mr. Trevor Jones, who won himself the nickname "Jones the vote" as a result of a string of by-election campaign successes between 1972 and 1974, was the Liberals' general election campaign manager in 1974.

But this year he is out in the cold, after a sharp difference of view with Liberal Party chiefs over the wisdom of fighting an election for the right to supervise a Parliamentary balancing act rather than going all-out for a Liberal victory.

"If David Steel gets his 50 MPs, I shall be delighted and proved wrong. If he doesn't, then that policy will have to be defended by the people who formed it, starting the day after the election. I shall be there to put my viewpoint," Mr. Jones, a former Liverpool port worker, now head of a £3m-a-year ship supplies business, says.

In Liverpool, he says, the dampening effect of the Steel approach has destroyed the party's chances of a big breakthrough. "If we'd been going for Government, I would have guaranteed to win six out of eight seats in this city," he says.

He doesn't disclose his actual target, but most Liberals will be surprised to do more than hang on to the Edge Hill seat so spectacularly and convincingly won in a March by-election.

Mr. Jones, Aged 50, still has the garrulous self-confidence of an early 1970s Young Liberal. He once blew a referee's whistle at a Liberal Party national executive committee meeting to get the attention of Mr. Jeremy Thorpe, then party leader, and Mr. David Steel.

That was in 1971, when he was demanding that the party more or less double the number of seats it would contest at the next election. The goal was accepted, but, according to Mr. Jones, it was not until the Liberals' local election successes in Liverpool that his methods began to be taken seriously.

By the beginning of the double general election year of 1974, Mr. Jones was at the peak of his influence. He had been behind a series of by-election victories, starting with Sutton and Cheam in 1972, and Liverpool's 48 Liberal councillors were firmly in control of the city.

However, the 1974 elections went wrong and Mr. Jones himself failed ignominously to win the Liverpool Toxteth seat in February.

He moved further from the centre of influence in the party with Mr. Steel's adoption as leader. He opposed the Lib-Lab pact and blamed it for the Merseyside Liberals' disastrous collapse in the 1977 county council elections. Liberals still control the city council, but only with the compliance of a Conservative minority group.

His personal dissatisfaction was evident in his decision this year, (since reversed), to stand in the European elections.

If successful, he would have relinquished his leadership of the city council and probably any further claim to national influence in the UK party.

Edge Hill changed all that. The 32 per cent swing that made Mr. David Alton, at 28, the city first Liberal MP for 50 years was, so far as Mr. Jones and his local supporters are concerned, the vindication of his case.

The 1974 elections, he says with hindsight, came too soon after the Liberals' taking control of the city council. Now people can see that Liberal policies work, they have created the political climate for confident expansion.

He sounds more than a little put out that more notice has not been taken of Edge Hill by his party leaders. He wanted it used as a base for a big national rally, but has had to be content with a 20-minute stay by Mr. Steel's battle bus.

Those, however, are the lesser grievances of a former Liberal Party president who has suddenly found himself at odds with his colleagues.

He believes that the Edge Hill success, based upon his policy of attracting bright Young Liberals into the city and grooming them first for local elections, then Parliament, is, given the right national political climate, bound to produce success. His protégés, he says without a trace of modesty, are the finest, most seasoned politicians in the land.

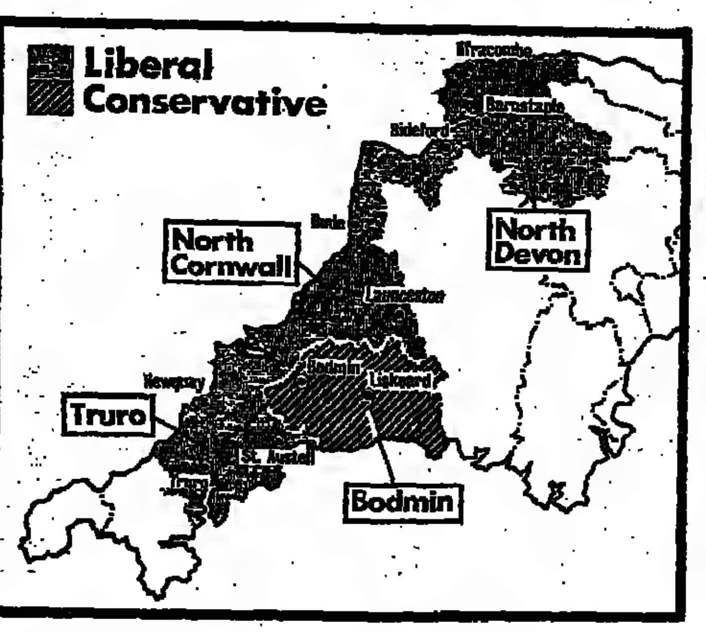
He still argues that a Liberal government within five years is a "realistic and achievable target" and he obviously expects to be somewhere in the control tower when it happens.

In Liverpool, his ability to define and communicate political issue still commands enormous respect from allies and opponents, but the latter argue that since 1972 the Liberals have been in unstoppable decline. Thursday will be an important day for the most important Liberal city in the land.

The West Country, where the outcome is anybody's guess

The first of two articles on the Liberal and Conservative marginals of Devon and Cornwall.

I am an intellectual chap
And think of things that would astonish you.
I often think it's comical
How nature does contrive
That every boy and every gal
That's born into the world alive
Is either a little Liberal
Or else a little Conservative.
from Iolanthe, by W. S. Gilbert




Mr. Jeremy Thorpe with youngsters on a campaigning visit to Northam, North Devon

Trevor Humphries

CORNWALL and the adjacent areas of Devon are among the very few parts of the country where Gilbert's famous lines still apply. It is, for instance, anybody's guess whether Mr. Jeremy Thorpe and Mr. John Pardoe will manage to hold North Devon and North Cornwall respectively for the Liberals. But their only possible challengers are the Conservatives.

The number of candidates is, on the other hand, large, especially in North Devon, where there are nine. Apart from Labour, Liberal and Conservative, there are the National Front, the Ecology Party, an English and a Wessex Nationalist, a "Public Safety" campaigner and a Dog Lover's candidate.

The last, of course, is Mr. Auberon Waugh, who wants "a full back-up system of community care to help stray and abandoned dogs," balanced by a stricter control on the entry of foreign dogs.

The Ecology candidates, who abound in the South-West, are far from cranks. But they run together a sensible concern for the environment, nuclear safety, and other aspects of life not measured in growth statistics with an uncritical acceptance of the Club of Rome scare that the world is about to run out of energy and raw materials.

If the German Chancellor, Herr Helmut Schmidt, were to come to the area he would not, however, be able to complain so much about "your bloody English class system."

That is partly because the Liberals, especially in North Cornwall, draw votes both from council estates, solidly Labour anywhere else, and from professional and middle-income groups; and because many Tory farmers are not gentlemen landowners but smallholders who speak the local vernacular.

In this area, the paradoxical nature of British unemployment is highlighted starkly. The statistics of jobless are very high. Yet there are shortages of many kinds of skilled labour, especially in the eastern part of the region.

In the first of two articles on the Liberal and Conservative marginals of Devon and Cornwall, Samuel Brittan looks at the North Devon and North Cornwall constituencies. Tomorrow he will report on Bodmin and Truro.

In Ilfracombe, which has one of the highest unemployment percentages in the country, the hotels are said to be short even of unskilled labour in summer. There has also been a net inward migration into Cornwall. A decade ago, that was due entirely to the inflow of the retired; today there is net immigration of young people, too.

The poverty trap, which makes it scarcely worthwhile for low income earners to get a job, is a big issue in an area where £65 a week is a good wage.

Most candidates, challenged on social security scrounging, said that able-bodied young people should have to do some kind of work in return for the dole. There is—and always will be—no shortage of useful work to be done, whether helping in old people's homes, removing eyesores from countryside and beach, or acting as home helps.

Yet no such proposal, even on a voluntary basis, appears in any party's manifesto, presumably because of union opposition to "undercutting."

One great difference between North Cornwall and North Devon is that the Labour campaign hardly exists in the former constituency.

On the other hand, Mr. Tony Saltern, who has a specially strong following among the shipyard workers in the Bideford district, expects to make inroads into the Liberal vote in North Devon and do better than his party nationally.

North Devon might always have been a Tory seat were it not for Mr. Thorpe's personal following. Mr. Tony Speller, the Conservative candidate (who runs a drawing office and a chain of art supply shops) and Mr. Tony Saltern, the Labour candidate (a popular Bideford schoolteacher and keen skittles player) are scrupulous in avoiding all reference to the "Thorpe affair." But obviously there is a difference compared with 1974.

Feeling in Bideford, which became part of the constituency only in 1974, and where retiring Liberal councillors are putting up again as independents, is different from that east of the Torridge.

More important, some voters are saying that they will now vote more on general than on personal grounds. A taxi driver, who retained great personal respect for Mr. Thorpe, told me that he was voting Conservative this time because union power was getting out of hand. A bus station superintendent was switching to the Tories because he was now "on the same level as my drivers." Mr. Thorpe's 6,721 majority allows scope for some such defections; but North Devon is now a marginal seat.

In North Cornwall, Mr. John Pardoe's following is both a personal and a Liberal one. There is a long established radical and working class vote which never quite made the transition from Liberal to Labour and the seat was held by a Liberal in the 1945-50 Parliament, before Mr. Pardoe won it back in 1966.

The place names remind one of South Wales, eg Tregadillett, Trewint, Tredinnick; and so do much of the landscape and the slate houses of ex-mining villages. One almost expects to hear that Mr. Lloyd George will address a mass rally on the moors.

Mr. Pardoe undoubtedly has a large personal following. Going round the Launceston housing estates with him, one would form the impression that he has a rock-solid majority.

The van stops; and the candidate issues a clarion call to vote for the "hard centre" (who is the soft centre?) and "end the two-party dogfight." No audience gathers; but various helpers report requests to see the candidate.

Some people just want to wish him well. Others see him as the local ombudsman. One housewife reports that a wall has fallen down 25 times. "The last time I mentioned your name, and the man from the council was here by the evening."

On a private estate, a householder explains that he paid £250 extra for a landscaped piece of open ground across the road. Instead there was a patch of waste, which had become a local rubbish dump.

Mr. Pardoe does not promise miracles. He emphasises that he is not an MP now; but an aide will take down details and he will see what he can do if elected. Gerry Neale, aged 37, the energetic and highly presentable Conservative, makes similar points. But his more recent arrival in the area (neither is Cornish) and lack of such a well-developed machine shows.

Some householders give Mr. Pardoe, who is, of course, the Liberal economic spokesman, their own views. Incomes policy and demand management about which Mr. Pardoe argues in London are never mentioned. Income-tax certainly is.

The Liberal Shadow Chancellor resists easy agreement and gives a half-minute lecturette. "Yes, we want to bring down income-tax; but that means we will have to pay more tax on goods instead."

By contrast, even some Tory voters are worried by the vagueness of the methods by which their policy is supposed to cut taxes. The Conservatives would surely have done better, to have presented costed proposals for a switch to indirect tax like the Liberals, even if only as a prelude to their longer term hopes from public expenditure savings.

There is in fact not a great deal of difference in North Cornwall between Conservative and Liberal attitudes on bread-and-butter economic issues. Mr. Pardoe is just as much in favour of selling council houses to tenants (quite a few seemed interested) as the Conservatives nationally, "but not at ridiculous knock-down prices."

Mr. Pardoe himself believes he will have a hard struggle. Last time he got in by 3,856 votes but now says that there will not be more than 1,000 votes in the result either way.

The areas which worry him are not so much the inland farms—the vicar of Altarnum church, "the cathedral of the moors," who in the early 19th century world of Jamaica Inn masterminded the "wreckers," who lured sailors to death against the coastal rocks, is today a sound Liberal.

The potential Pardoe wreckers are in the coastal resorts from Newquay to Bude. There has been a large inflow of new voters, mostly from areas where voting Liberal was not a realistic option.

Mr. Pardoe emphasises the dangers partly to galvanise his supporters. Four out of five abstainers are, he believes, lost Liberal votes—a characteristic more common of Labour voters in other constituencies.

His worries would be over if voters could split their ballot American-style. In that case North Cornwall would vote decisively for a Conservative Prime Minister and John Pardoe as local Member.

North Devon

October 1974: Jeremy Thorpe (L) 28,209, Tony Speller (C) 21,488, Mrs. Alexandra Golant (Lab) 8,356, Frank Hansford-Miller (English National Party) 568. Majority 6,721 (11.5 per cent).

Candidates

Tony Saltern (Lab), Tony Speller (C), Jeremy Thorpe (L), J. P. Price (National Front), A. M. Whittaker (Ecology Party), Frank Hansford-Miller (ENP), Miss H. Rous (Wessex Regionalist), Auberon Waugh (Dog Lovers' Party), W. G. Boaks (Democratic Monarchist Public Safety White Resident).

North Cornwall

October 1974: John Pardoe (L) 21,368, Gerry Neale (C) 17,512, Roderick Tremlett (Lab) 3,663, R. J. Bridgwater (Anti-Party System) 148, Majority 3,856 (9.2 per cent).

Candidates

Roderick Tremlett (Lab), Gerry Neale (C), John Pardoe (L), R. Bridgwater (National Front), J. Faull (Ecology Party).

ON THE STUMP

Sincere shouts from Heseltine

BY EDWARD STEEN

IN THE run-down terrace house that is the Tory nerve centre in Yardley, Birmingham, the party faithful assured me that theirs was a key place, a constituency that has voted with the winning party since the Second World War. It needs a 4.8 per cent swing to go Conservative.

Inauspiciously, perhaps, snow fell, and Mr. Michael Heseltine pulled up outside in his blue Jaguar to disappear immediately in the back parlour for the inevitable television interview.

Mr. Heseltine emerged. We set off, not to the car factories, which employ a good third of the Yardley workforce, but to Dunnetts, a small factory making baking tins. The workforce is a mere 80-odd. Yardley's larger concerns, Lucas and Rover particularly, were not apparently prepared to have the Tories in to talk.

Mr. David Bevan, the Tory, a chainsmoking estate agent of 51 beside whom Heseltine's most histrionic moments appear quite subtle, had some trouble finding Dunnetts among the mean, blighted streets.

Heseltine lost little time. The candidate and a few others followed in a deferential crocodile and listened to him shouting sincerely above the machinery.

"I wouldn't buy my house, it's right in the middle of a council estate," said one woman, making the necessary for thousands of cakes. Fixing her with his steely blue eyes, Mr. Heseltine advised her patiently to see sense: he would be practically giving houses away. She could re-sell it and move. "She hadn't heard the arguments," Heseltine told me as he strode off.

Harder worked were those who didn't like the sound of a few pence of income tax and everything getting more expensive. A woman smoking Capstan full strength, who cheerfully called him "mate," was also worried about official banquets, scroungers and the Royal Family.

Heseltine assured her that the Queen was a profitable tourist attraction. For the rest, he said, "don't you want a Government that looks after your money?"

"The Queen works damned hard," Mr. Bevan rasped into the scene.

The crocodile crossed the road to an old family company called Willcox, which turns brass. Mr. Hesseltine wandered round again, shouting, not without charm, about the better way.

"I find them all mad," Mr. Christopher Willcox, the monocled proprietor, aged 62, confided maliciously. "We go on in spite of them."

Mr. Heseltine smiled politely to one and all, and his check-suited figure disappeared towards the more vulnerable Labour weak spots of Selly Oak and Coventry, where he fought one of his first elections nearly 20 years ago. Back at the nerve centre, calm returned.

Fourth time round, Butler's doubts remain

BY RICHARD LAMBERT

THEY TAKE life seriously in Coalville and have little time to spare for smart-alec journalists or other frivolities. A recent production of "Waiting for Godot," which the Phoenix Theatre Company was unwise enough to present in the town, attracted an audience of 28 before the interval, and 24 after.

This dour but far from depressed mining community north-west of Leicester will decide the future of Mr. Adam Butler, second son of the great Rab, as Conservative Member of Parliament for the constituency of Bosworth.

Mr. Butler took the seat, in Labour hands since the war, in the 1970 election, and, to everyone's surprise, retained it in 1974.

That October, his majority was only 302, which is about as marginal as you can get in a constituency where the electorate exceeds 90,000.

The constituency is clearly divided into two areas by a strip of rich farming country. In the south, there is Hinckley, a hosiery town where incomes are substantially supplemented by the earnings of several thousand car workers who commute daily to neighbouring Coventry. Its town centre seems to consist almost entirely of well attended building society branches, and it ought to offer rich pickings for such an amiable Conservative as Mr. Butler.

Coalville, in the north, is, or ought to be, the stronghold of the Labour Party. It is not just a mining town—big local employers include a toy company and light engineers—but there is no doubt about where the heart of the community lies.

The local coal mines employ more than 4,000 people, and the Labour campaign is being run from the offices of the National Union of Mineworkers.

This time, as his opponents lose no time in telling you, the Labour candidate is a Left-winger. Mr. Derek Fatchett, aged 33, lecturer in industrial relations at Leeds University and says that he would join the Tribune group if elected.

That makes him, according to Mr. Butler, a follower of Marxist philosophy.

However, if the spirit of revolution lurks within Mr. Fatchett, it lurks deep. He seems a rather cuddly lad as he trudges from door to door, and he has

an especially winning way with old ladies. Nor does he allow his opponents a monopoly on scare stories.

Mrs. Thatcher, it seems, has down for special vengeance streets near Coalville marked

There is a wild card in the Bosworth pack, and his name is Councillor Ted Brown. He may never win prizes for political science, but he has a much greater strength, which is this: he is admitted by all sides to be a really nice chap.

Mr. Brown stepped in as Liberal candidate at the last minute, and there is no doubt of his local support in the Hinckley area, where he has been a member of the local council for 15 years. The big question is whether he has had time to make an impact in Coalville, where he is much less known.

Mr. Brown says he has already succeeded in attracting moderate Labour support away from Mr. Fatchett. That the Labour camp denies, and points to a marked increase in local party membership since Mr. Fatchett was selected as candidate three years ago.

The Socialists also suggest archly that Mr. Butler is not all that he might be as a constituency man: he has not spoken in the House for a couple of years, and, they say, he is not seen in the neighbourhood all that often.

But Mr. Butler has at least a foot in the corridors of power, as a private secretary to Mrs. Thatcher, a job he has held since November, 1975, and which explains his silence in the House. He is very well known in the area, and has a good eye for detail. It was not Mrs. Thatacher who had won over the one self-confessed Tory on what appeared otherwise to be a solidly Labour street in Coalville: it was a letter from Mr. Butler a couple of weeks ago congratulating her on her golden wedding anniversary.

Local pundits do not expect a big swing to Mr. Butler on Thursday. But they would plainly be surprised if he did not come home with a noticeably larger majority. After all, as one sage remarked glumly, "Adam's already walked on the water three times. Now he'll probably feed the five thousand as well."

October 1974 election: Butler, A. (C), 28,490; Sloman, M. G. M. (Lab), 28,188; Galton, M. J. (L), 12,082. Majority 302.

1979 candidates: Adam Butler (C); Derek Fatchett (Lab); Ted Brown (L); David Dunn (NF).

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TRANSPORT

On-the-spot axle load checks

WEIGHWRITE has delivered six dynamic axle-weighing systems to the Department of Transport, following completion of the evaluation work on systems installed earlier in a number of important areas.

The equipment comprises a narrow weighing platform, across which vehicles are driven at speeds up to 2½ mph. Data is provided via a visual register and an associated print-out facility. This permits authorities to obtain not only gross vehicle weights but also individual axle loads.

A typical weighing operation of an articulated lorry can be accomplished in 27 seconds.

Testing by DoT has been extensive and was undertaken in anticipation of statutory legislation brought into effect last September. During the trials, systems were installed at major roll-on/roll-off deck sites for monitoring vehicles entering the UK. Others were set up at points in Buckinghamshire, Humberside, Kent, Surrey and Scotland.

Penalties for axle overloads are severe, and can be levied against consignors of goods as well as vehicle operators and drivers. Offenders can be fined £400 for each individual axle overload, so that a four-axle vehicle could incur a maximum penalty of £1,600 for axle overloads, plus a further £400 for gvw overload. In addition, transport operators face the added costs of delay and transfer of excess loads to other vehicles when a prohibition is incurred.

Weighwrite is at 49, West Street, Farnham, Surrey (0252 726480).

● CONSTRUCTION

Gets the structure right

STRUCTURAL engineering calculations can be made faster and are easier to handle thanks to the introduction by Texas Instruments of a structural engineering library of programs for use with the TI 58 and 59 calculators, attached to a thermal printer.

The library of programs is contained in a solid-state software unit which is plugged into the calculator. It will significantly decrease the number of routine calculations faced by structural engineers in their day-to-day work, giving them more time to devote to more complex problems.

Programs which can be run include calculations on bending moments, reactions and deflection coefficients at mid-span for a single-span beam; calculations on bending moments and extreme shear forces for a continuous beam with up to seven spans on simple non-settling supports (or four spans on the TI 58); moments of inertia, section moduli, radii of gyration and limits of core for sections with one axis of symmetry etc.

Texas Instruments, Manton Lane, Bedford MK41 7PA. 0234 67466.

● IN THE OFFICE

High volume copier

THE UBIQUITOUS microprocessor appears not once but twice in the latest high volume plain paper copier NP6000 from Canon Business Machines (UK), Sunley House, Bedford Park, Croydon CRO 0XF.

A number of advantages are claimed. For example, before each copy the voltage on the drum is checked, and that of the developer assembly (which distributes the toner) is automatically adjusted to the best value. In addition, toner level in the developer unit is kept at the proper level for constant print density, paper jams are quickly detected and signalled, failure to remove the original is similarly displayed, and, for the uninitiated illuminated user instructions are provided.

A useful facility is the ability to break into a pre-set run for say, a single copy of something else to be made, with automatic continuation and completion of the run afterwards.

The machine can operate at 33 A4 copies per minute, the first appearing in six seconds. It can make copies from 8¼ x 5¼ to 11¾ x 16½ ins in size, the latter at 19 per minute.

● RESEARCH

This 36-inch bore fullway lift and swing high vacuum valve is one of the largest of its kind manufactured by Torvac at its Cambridge factory for the Royal Aircraft Establishment, Farnborough, Hants. Designed to increase a wind tunnel cross-section flow area by a factor of 4, it replaces one half the size made by Torvac some years ago.

● DATA PROCESSING

Will work in many modes

STORAGE Technology Corporation is offering mini users a tape subsystem that allows them to operate in all three recording densities—NRZI, PE or GCR—at speeds of 50, 75, or 125 inches per second.

It is the first minitape subsystem to make "tri-density" available in a single drive.

High channel rates have not been considered necessary for mini peripherals in the past, but this is no longer so. Already, approximately 70 per cent of extended installations record in GCR which allows a data density three to four times that of PE. As a result of dual-track error detection and correction, largely error-free recording is possible, even at the highest of these three densities.

In the new tape drive, the tapepath emulates large-system technology. Air bearings and vacuum columns, regulated by linear tape position controls, have been incorporated.

To safeguard the tape and reduce headwear, a separator removes the tape from the head during high-speed rewind, which takes place with a 2,400 foot reel in less than 60 seconds.

The 1950 is equipped with automatic threading, as well as load and unload, which are operative with or without a tape cartridge. All key circuits are protected from over-voltage and over-current conditions.

Storage Technology Corp., 2270 South 88th Street, Louisville, Colorado, U.S., 820027.

● METALWORKING

Feeds in the brass

A MECHANISED arm for loading hot brass billets into a stamping press has been introduced by Lomir International, Whitchurch, Ross-on-Wye, Herefordshire HR9 6DJ (0600 890777).

Billets ejected from the furnace pass down a chute fixed to the front end of the equipment. Each is picked up by a pair of pincers which first rotate to allow the billet to be placed in the die in the correct orientation, travel to the die in a 400 mm stroke and then descend and return to the back position.

The drive mechanism allows the arm and the press to be synchronised accurately at up to 50 strokes/min.

If the billet temperature is too low for stamping (it is measured in the chute) the arm will not cycle and the part is released into a scrap bin.

● COMMUNICATIONS

Proceedings on demand

AVAILABLE in the UK is the Advocate II, a new 4-channel portable recording system from Lanier, which consists of a dual cassette recording unit with automatic change-over, giving three hours continuous.

The unit has full transcribe facilities including individual channel selection. There is also an optional transcriber supplied separately. Four or more uni- or omni-directional microphones complete the system.

Designed for all multi-speaker situations ranging from board meetings to major conferences, it is capable of simultaneous recording and playback for rapid transcription so that a written record of the proceedings is available only minutes in arrears.

The recording unit incorporates a number of important fail-safe features to eliminate malfunction. Each microphone feeds a separate channel and since there are no erase heads, accidental erasure of material is impossible. A sensor signal prevents over-recording on existing material. Audible and visual monitoring direct from the recording is also provided. Automatic gain control on each channel provides a consistent level of high quality recorded sound with minimum distortion, irrespective of whether speech is loud or subdued.

As each cassette reaches completion, an automatic change-over comes into operation with a two minute overlap. After the first three hours of continuous recording—from the two original cassettes—a new cassette needs to be loaded only once in every 90 minutes thereafter.

Weighing only 17 lbs, the Advocate II recording/transcription unit measures 4½ inch high and 13 inches square and can be unobtrusively located. Completely self-contained and highly portable, the whole system, which is simple to operate, can be set up by one person in less than five minutes.

Lanier Business Products, 100 New King's Road, London SW6 4LX. 01-736 0171.

● COMPONENTS

Pneumatic circuit adaptors

BECAUSE THEY have been designed to allow much wider scope in the creation of pneumatic circuits, swivel elbow and tee adaptors also make work much easier for the fitter, says IMI Enots, PO Box 22, Eastern Avenue, Lichfield, Staffs (Lichfield 54151).

Main advantage of this type of adaptor is that they can be screwed into ports much closer than is possible with fixed elbows and tees. The tubing connector section of the fitting is held stationary while the threaded adaptor can then be rotated and screwed in. An extra benefit is that the final direction of the tube outlet may be set to give the optimum pipe layout and, therefore, reduce tube stresses.

The swivel adaptors, like their fixed counterparts in the company's range, have been designed for use with compressed air systems and nylon tube, and are suitable for a maximum pressure of 10 Bar (150 lb a square inch) and a temperature range of −10 to +60 degrees C. Body material is brass because it eliminates problems of corrosion and porosity and ensures reliability, strength and stability over the temperature range.

Each swivel fitting has six components: a brass body, brass collet, brass stem, two Nitrile rubber O ring seals and a nylon face sealing washer.

Body and stem are crimped together to allow them to swivel relative to each other and an O ring forms an air-tight seal between them.

The collet has a generous lead-in radius which, says the company, ensures that any bending to which the nylon tube may be subjected does not cut the tube or cause strain in the O ring sealing between the collet and the body.

Improved range of water taps

SINCE THE old BS1010 "dimensional standard" for ½ and ¾ inch taps has been superseded by a new British Standard setting new performance standards for fittings in this range, Armitage Shanks engineering division has redesigned existing ranges and introduced new ones, all conforming to the criteria of the new BS5412/3 relating to flow rates and durability of working parts.

Manufacturers are now able to develop individual designs with specialist mechanisms without the previous dimensional restrictions; their new designs have non-rising headwork and will, says the company, undoubtedly attract sales across the medium and luxury market sector.

Included in the company's range of brassware is Nimbus (chromium plated brass body) designed for the contract, specification market where low cost, quality designs are needed. Its modern easy grip handwheel is said to be a particularly important aspect if elderly or handicapped people are involved.

The Sheerline tap is said to be a major development for the medium priced bracket and handwheels are either in chrome or gold plated clear acrylic or available with simulated onyx finishes.

Luxury top-range design is Starlite 2 whose latest technical features include non-rising spindles and a smooth action valve which allows very precise flow control. This has the added indulgence of real onyx handwheels on both chromium and gold plated models.

The company has also introduced a Marklah range of fittings to meet requirements in modern laboratories, covering water fittings, diaphragm and needle valves, gas cocks and remote control fittings. These are coated with an extremely hard epoxy finish making them resistant to a wide range of common acids and alkalies.

More from Armitage Shanks Group, Armitage, Rugeley, Staffs (Armitage 490253).

● MATERIALS

Paint will resist the heat

A PROTECTIVE coating which is capable of withstanding extremely aggressive conditions, such as those produced inside gas-fired air pre-heater stoves supplying blast furnaces, has been developed by International Paint, Protective Coatings Division, 9 Henrietta Place, London W1A 1AD (01-580 6677).

The three-coat urethane-based paint has already been found to withstand the very high temperatures and concentrated acidic condensates within pre-heater stoves at a British steel plant. The result, it is stated, has been a substantial increase in blast furnace efficiency and capacity, since it is now possible to supply pre-heated air at a much higher temperature and pressure, typically 1600 degrees C at 3 bar (about 3 atmospheres).

● SERVICES

Tailor-made fastening

REALISING the difficulty that manufacturing companies have in fabricating from stock reels and sheets the shapes they require for adhesive and insulation purposes, 3M is now able to offer a "tailoring" service at its Welsh plant.

The company's Converted Products Group will design and produce precision die-cut items from most of the materials made by 3M. Typical of the items already made for specific companies are cheek insulators for fly-wound coils (a partial annulus shape that could not economically be cut by hand), a fixing "clip" for wiring, an armature residual shim for the Post Office 3000 relay (also a complex shape) and an insulating and sealing gasket for an encapsulated microswitch assembly.

Apart from eliminating hand-cutting in-house, the 3M service reduces material waste and because of the consistent tolerances of cutting can improve volume production of the end product, cut rejection rates and possibly improve the performance.

The shapes that can be cut vary from simple discs to virtually any irregular pattern; the tapes can be single or laminated, and they can be supplied in reel form on an oversize liner, or in the form of cut singles. Both time and money are quickly saved when the precise die-cut shape is on tap, ready for positioning with its quick-release liner, for applications ranging from mounting and masking to insulating, labelling, holding, protecting, identifying, decorating and warning.

A similar service is now also being offered by the 3M Industrial Specialities Group in terms of joining, fastening and cushioning elements for the engineering industries. Tailor made items range from self-adhesive industrial labels and rubber feet for equipments to plastic interlocking fasteners and abrasion-resistant tapes.

More from the company at 3M House, PO Box 1, Bracknell, Berks RG12 1JU (0344 58271).

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LO

After last Friday's article on BAT's retailing ventures in the U.S., **David Churchill** examines its troubled British subsidiary

International Stores—why small is not so beautiful

Pascal Ricketts (left) trying to get rid of what some call BAT's tobacco mentality.

WHEN Pascal Ricketts took over late last year as the new chairman of International Stores, the troubled BAT Industries supermarket subsidiary which last year suffered a major reverse from a £5.8m trading profit to a £5.3m loss, even he felt obliged to make the joke in the company's house journal: "Pascal who?"

It is hardly surprising that he should have echoed the question asked by many others in the grocery trade. In an industry traditionally dominated by such entrepreneurs as the late Sir Jack Cohen it is argued that an experienced grocery retailer is required at the head of a supermarket operation if it is to be successful. Yet Pascal Ricketts has moved in from the outside—he was formerly BAT's company secretary and rose to the top via the traditional tobacco side of the company.

Many retailers expressed the private opinion that Ricketts' appointment aptly summed up BAT's failure to understand that retailing of a very large number of grocery products requires a totally different philosophy from that needed for a manufacturer of an established single commodity, such as cigarettes.

Change

The essence of retailing is the management of change; yet BAT's whole history has been based on a stable commodity where change can be encompassed over the long term. In the words of one of the most successful High Street supermarket operators, the single most important problem facing International Stores is the "tobacco mentality" that exists throughout BAT.

Not surprisingly, Pascal Ricketts does not agree and says International is packed with experienced retailing executives. His job, he believes, is to create the organisational framework to employ these talents to the full.

But he acknowledges—without implying that there has been too much BAT control in the past—that the new framework must give International's managers as much autonomy as possible, so that they can make many day-to-day trading decisions at an operational level.

International has consequently been restructured along divisional lines and Ricketts is currently implementing a set of organisational guidelines, including establishing key committees to identify and take crucial policy decisions.

Another innovation for International is the setting up of a "think tank" staffed by specially recruited high-fliers. Their job will be to establish future trends and policies for International—and may then possibly face the prospect of putting their theories into practice.

But the trouble with any management restructuring is the usual one: it may work in the future but can the immediate problems be overcome? And International has plenty of immediate problems, not least the continuing fierce level of price competition in the High Street initiated by such stores as Tesco and J. Sainsbury over the past 18 months. While both Tesco and Sainsbury have succeeded in pushing their market share up by an unprecedented 50 per cent—to 13 per cent and 11 per cent respectively — International's share of the packaged grocery market has remained relatively static at around 3 to 4 per cent.

At the same time, Tesco and Sainsbury's success in pushing up sales has been translated into record interim profits of £13.8m and £15.6m respectively.

As so often happens, International's poor trading performance led to a top-level clash as to the way forward. The result of this particular confrontation was the sudden departure last November of Laurence Hill, the chairman for the past five years. Although Mr. Hill is still keeping the exact reason for his departure a secret, it is understood that there was a considerable gulf between his solution to International's problems and that proposed by BAT.

Mr. Hill apparently favoured a futher massive investment—either by take-over or organic growth — to give International the large store capacity it so desperately needs. BAT, however, felt that having already invested heavily in International, with little benefit for its shareholders, a more prudent approach was indicated. International already has a substantial new store opening programme on the stocks for the early 1980s, and a consolidation of management organisation and resources was felt to be needed.

But to a major extent, the foundations for International's current problems were laid in 1972 when BAT bought International for some £70m. The acquisition was part of BAT's diversification into areas outside tobacco, from which it earned — and earns — the bulk of its profits.

Average size

But BAT's choice of International was open to question even then. International's main problem — and it still exists — was that it had too many small stores. In 1972 it had some 1,100 stores with an average store size of 1,400 sq ft. It has since closed several hundred of these smaller stores and acquired other slightly larger ones — giving it just over 650 at present — but its average store size is still only 3,500 sq ft. In comparison, Sainsbury's average store size is around 11,400 sq ft and Tesco's 8,000 sq ft.

The importance of store size in grocery retailing has become increasingly apparent through the 1970s. As operating margins come under pressure — from both rising costs and fierce competition — it becomes essential to push through a higher volume of business to increase profitability.

The need for large store developments was foreseen by currently successful chains such as Tesco and Sainsbury in the early 1970s and their plans to upgrade store size therefore began early—as did plans to build superstores, because these required long lead times given the problems of site acquisition and planning permission.

Thus at that time BAT acquired International. The supermarkets group had too many small stores and no large store expansion plans. Although International was the most easily available grocery retailing chain, hindsight suggests that a determined bid for Tesco and its bigger stores in the early 1970s—when Tesco's stock-market rating was sluggish—may have been the better investment in the long run.

But BAT had decided to acquire International and International in its turn sought to remedy its small store profile with the help of BAT's money. International subsequently acquired, in 1973, the Pricerite supermarket chain, then some larger stores owned by the Budgen group, and latterly, in 1977, the F. J. Wallis group—all with the aim of replacing existing small stores with larger ones acquired in the takeovers. This policy helped — but not enough to improve drastically average store size.

The strategy, therefore, that International appears to have slowly evolved has been to try to leap-frog where possible the large supermarket phase of its development and go directly from small store trading to superstores — stores that have more than 20,000 sq ft of selling space.

Starting from scratch, International's large store strategy was given a basis by the three superstore schemes acquired with Pricerite. But the long lead times in superstore development has meant that International's large stores are only now coming on stream. In one frenetic period towards the end of last year, International opened two superstores and three very large supermarkets; by the end of next year it should have 20 superstores in operation.

International's achievement in opening a number of large stores so quickly shows that it does have substantial management resources—but its critics suggest that this much needed increase in selling space could have come on stream much earlier if the company had moved with more speed.

If International was slow to move into large store developments, it wasted no time in picking up the Green Shield trading stamp franchises that Tesco abandoned in the Summer of 1977 when it launched its "Operation Checkout" campaign.

Unfortunately, this adoption of trading stamps proved a major error on International's part since within a year it was forced to drop stamps from most of its stores. Tesco had correctly gauged the change in shoppers' preferences, following the severe price inflation of the mid 1970s, and calculated that price cuts would prove more attractive than promotions. Tesco slashed its profit margins and quickly secured a significant increase in market share—followed with almost equal success by Sainsbury.

When International finally dropped stamps and launched its own price offensive with the money saved—a year after Tesco—it was able to make little headway in the market.

Malaise

Although International's management is still reluctant to talk in detail about the management problems of the past few years, there seems little doubt that the basic malaise was twofold: a management structure that did not clearly identify the different operating facets of the company—with a consequent inability to recognise when crucial decisions were required — and the more nebulous, but arguably more important, extent to which the problem was BAT's interference.

The BAT connection is hard to pin down, but a feeling did seemingly persist—however unjustly—within International that BAT's approval was needed for most policy decisions. Even where conscious approval was not needed, the spectre of BAT was sufficient so it seems to ensure a cautious management approach. In the fast changing world of grocery retailing, an excess of caution does not usually pay off.

Laurence Hill, with a background in retailing—albeit not in the grocery trade but with the UDS stores group—may well have been trying to break down the barriers of caution. But perhaps his attempt to take a more radical approach proved too much for the BAT board.

Yet the problem of an over-anxious parent is not uncommon in the business world: International's problems were compounded by the fact that its own management structure was not right for the job.

International's activities ranged from traditional supermarkets, through to giant superstores, limited range discounting under the revamped Pricerite banner, and wholesaling via Kearley and Tonge. But International's traditional vertical management structure did not reflect the different approaches needed by each part of its activities—with the inevitable disastrous effects on the decision making process.

Even before International's problems came to a head late last year—and Laurence Hill resigned—the need for a new management structure was appreciated. The divisionalised structure was introduced last summer, creating four divisions: discount stores, supermarkets, superstores, and wholesaling. It was acknowledged that the new divisional structure—each with its own chief executive—was needed to ensure the smooth running of the company in the face of "a High Street war which demands quick response and immediate judgement of situations as they arise," says International.

Pascal Ricketts, however, also saw the need for a greater sense of direction as well. So one of his first moves when he took over last December was to set up a group policy committee. This four man committee—comprising Ricketts as chairman, Les Green the deputy chairman, and joint managing directors Mike Groves and Gordon Latham—now meets on a weekly basis. Its job is to formulate a long-term strategy, monitor trading performance, and generally ensure that International moves quickly according to changing market circumstances.

Guiding aim

The group policy committee is backed up by two further committees—covering property and retail trading—and then by divisional control meetings. The guiding aim is to ensure a structure whereby the important decisions such as corporate image or product mix are reviewed regularly.

Operationally, the system already appears to be working well. It is giving International a much tighter grip on its trading activities and is understood to have already put the company back on an even keel after last year's losses.

Two other "plusses" for International are the fact that its current top management team is probably the best it has ever assembled. And also that the store's profile is gradually changing from a regional, convenience store for older shoppers, to a national chain attracting the affluent younger shoppers. But International still has some way to go to make this "new" image really effective.

The questions still remain, however, as to what role BAT will continue to play in International's fortunes. Will its influence, through Pascal Ricketts, continue to put a damper on a strong identity emerging at International? Will BAT continue to block the massive expansion avenue of future growth out of its current problems—or will it decide to go all out and acquire a major stores group such as Asda or Tesco.

Until International can come to terms with its BAT connection, the questions as to its own long-term future will remain. It may well be that the blow to BAT's pride of its disastrous record of diversifying into retailing—both at home and abroad—may give it pause to re-examine its whole strategy.

Chasing new technology

WHEN THE telephone was first introduced, a writer on The Times reflected that it was of little value to England because the country had an adequate supply of messenger boys. So Nicolas Palermo, senior vice-president of Chase Manhattan Bank, recollected in a speech to members of the American Bankers Association meeting in Bournemouth last week.

He was urging them to be resourceful enough to understand where technology can be useful. And the emphasis was on the where as he demonstrated how the rapid and thrusting advance of technology can lead companies and industries no many blind alleys.

Banking has been one of the major users of new technology over the past 20 years and a number of lessons can be learnt from the mistakes of the past, said Mr. Palermo. One of those lessons, he said, was that machines cannot replace human judgment. "Many people believed that technology would make such decisions as the granting of credit and the pricing of services. We know, however, that there is no substitute for the knowledge and experience of the trained banker."

"In the later part of the 1960s the major American banks expanded very rapidly, particularly on the international side."

Because of the growth, clerical costs rose astronomically, control problems appeared and the quality of service declined. The answer to the problem came from the computer industry, said Palermo. But if it eased some problems it brought with it many more—as Palermo recounted.

"We made heavy expenditures in central, main-frame computer systems to handle the processing of products. . . These centralised systems did allow us to maintain service and delivery standards while achieving economies of scale, but the technology was complicated. Operations departments became little more than paper factories," he told the bankers.

Automation of processing allowed the U.S. banks to remain open, unlike some of the brokerage and investment houses. On occasion, these businesses were forced to close their doors in order to complete their paper work, he said. "But what we found in processing such high volumes on such large systems was that we concentrated on looking inward. We never knew who our customer was."

Was he a domestic customer or an international one? What was the nature of his business? Was he a major correspondent with millions of dollars worth of transactions? Or was he a small outlying bank who came to Chase only twice a year?

In the boom of the 1960s all operations were consolidated permitting the more efficient use of clerks in a way that encouraged process management, said Mr. Palermo.

But when the banks began to instal large-scale computers they were centralised and shared by the different operations.

Although these efforts had seemed appropriate to Chase at the time, Palermo reflected that it had created an organisation so large and so interdependent that it became virtually unmanageable in a business sense. By the end of the 1960s the pressure of increased transactions forced the banks to consolidate again.

"In the 1970s, we found operations departments to be too large to manage. Only the head of the department had a full view of the operations and transactions as seen by the customer. A manager was concerned only about his impact on that part of the process for which he was responsible.

"This manager simply could not focus on the customer. He could not see concern for his job as concern for the customer. Indeed, his performance evaluation was based on how he handled the process rather than on customer-related issues. It was a far cry from the old days when the production clerks sat next to the relationship managers and participated in the business.

"Our failure, if any, was one of understanding. We mistook qualitative technical skills for quantitative management skills. We tried to solve technical problems by adding more people. Such problems, however, really required new concepts and new approaches. That is, innovative solutions as opposed to problem solving 'task forces,'" said Palermo.

Finally the growth of staff, together with the presence of "heavy" hardware, became counter-productive. Palermo explained that there was no time for training and when new people were brought in they created even more errors, which meant that even more people needed to be brought in to solve the additional problems. Management time was spread even thinner.

It was the recession of 1974 that brought home the need to check rising operational costs. One of the major problems, said Palermo, was that operations managers and marketing officers found themselves going in opposite directions.

Marketing officers never told operations what the customer really wanted, operations, consequently, built a system that could not deliver the products the customer needed. The marketing officer spent most of his or her time stressing interest-based income, and in fact, largely still sees fee-based products as a stepchild to loans.

"Because of volume and communications problems, banks have no longer been able to produce specialised customer services as they often could in the days of manual processing. The result has been chaos for operations departments . . . and poor service quality for the customer.

"Now, we must reverse our thinking and our actions."

With today's computer capabilities this could be done with both a better level of service and with profitability for the bank's bottom line. The technology enabled operations managers to be as concerned with the generation of revenues as they have been with cost effectiveness.

Mr. Palermo said that as decreased loan growth and reduced lending spreads had increased competitive pressures, fee-based services had become a more critical source of income. Many of these services were operations-based, and, as a result, the management of operations was suddenly a critical element in a bank's ability to meet its long-range earnings goals. A primary concern of the 1980s should be control and management of these operations.

Jason Crisp

LOMBARD

Sterling and the election

BY PETER RIDDELL

THE SHARP fall in sterling in the middle of last week was blamed in part on market nervousness about a narrowing of the Tory lead in the opinion polls. There may be a simpler explanation such as a tightening of monetary policy and higher interest rates in other countries, coupled with profit-taking after the earlier sharp rise in the pound.

Misread

But it is significant in itself that foreign exchange dealers, and many City analysts, believe that a Tory victory would be good for sterling, while a Labour win would depress the exchange rate. The market may, however, have misread the situation.

A continuation of current Labour policies may result in a higher exchange rate on, say, a 12 to 18-month view than if Tory promises were implemented. This is not quite as perverse as it sounds. The explanation is that the UK is now in the first and pleasant phase of the Dutch disease. Rising North Sea oil production is keeping the current account in balance or small surplus, while exchange controls limit any compensating adjustment on capital account and monetary policy is fairly tight.

Profits

The result is a strong exchange rate; inflation is lower and consumer spending is higher than otherwise, though there is a growing squeeze on company profits. This is unlikely to change quickly if Labour is returned. Mr. Healey is committed to policies aimed at securing a stable exchange rate and is sceptical about the merits of any major liberalisation of exchange controls, preferring to proceed with "deliberate and glacial majesty." This may mean a weakening of the current account in spite of North Sea oil. Meanwhile sterling may remain relatively firm, and the UK's industrial base is likely to continue to be eroded.

The Conservatives are also committed to the virtues of a strong pound—and held this view before Mr. Healey's conversion in 1977-78. However, they also favour a relaxation of exchange controls. Any changes would probably only be gradual. They might initially involve a reversal of the November 1976 ban on bank lending in sterling to finance third country trade and an easing of controls on direct investment overseas. Neither of these moves is likely to result in a dramatic change in the capital account and any relaxation could have perverse confidence effects which could boost demand for the pound. But the net effect over time should be a lower real exchange rate than otherwise, and a stronger current account.

The same conclusion can also be reached via the counter-intuitive argument of my colleague Samuel Brittan. The essence of this view is that a high level of public sector borrowing may boost sterling. This is because the Government will have to increase interest rates to a high level to sell sufficient gilt-edged stock to limit the growth of the money supply. But if interest rates are higher than abroad capital will be attracted in, thus raising the exchange rate.

Foreign money

On this view the Tory commitment to reduce public sector borrowing would mean lower interest rates than otherwise. This would lessen the attractions of the UK for foreign capital.

There are naturally uncertainties about the time lags involved. For instance, the Tories will probably not be able to cut public sector borrowing by a significant amount until 1980-81. Moreover, the initial stock market jubilation over a Tory win might attract foreign capital into the gilt-edged and equity markets in the hope of a quick profit and this would give a temporary boost to sterling.

Indeed, the stock market is acting rationally in believing that a Tory victory, or rather the party's manifesto promises, would be a bullish influence on equity and gilt-edged prices. The considerations are different for the foreign exchange market; after all, the UK already has one of the most conservative Finance Ministers in Europe.

The bland, unexciting industrial film

FILM AND VIDEO

BY JOHN CHITTOCK

IN TWO week's time, the annual British sponsored film festival returns to its familiar home in Brighton after a three year absence testing the less bracing air of Birmingham and London. Here the best of the year's output of industrial and business films will compete for awards, and again the most argued topic will be "is it good—does it do its job?" At the root of this argument is a dispute, never satisfactorily resolved: can a film still do its job if it is dull, boring or even downright unprofessional?

Arts debate

It is, of course, that old familiar wolf in sheep's clothing, the arts debate about the importance of form over content. *Increasingly* there is a tendency at industrial and sponsored film festivals to regard content as of over-riding importance, and one manifestation of this is that the juries are now dominated by subject specialists rather than film experts. Who makes the best arbiters of architecture—the people who live in the buildings or the architectural profession?

It is too easy to vest ultimate decision in the hands of the lay end-user; under that philosophy there can be no progress, no discovery—only the art of the predictable and the skill of playing safe. The temptation to play safe in a sponsored film is irresistable because with failure not only will money be wasted; heads will roll. At no time, it seems, must a sponsor run the risk of upsetting anybody.

This philosophy may be sensible for a wholly factual method of communication. But when a medium relies on an appeal to the emotions as well as the intellect, it must use the full powers available to it if it is to function effectively.

Such beliefs gave rise to a now almost famous statement made at the Brighton festival some years ago when one of Britain's most respected feature film producers—Karel Reisz—attacked industrial films for their "blandness." It is true. They are mostly sterile, sanitised, unreal, even misleading if not actually dishonest. They eschew controversy, show only the good things and rarely raise the blood pressure.

In many of its most agonising aspects, this can be seen in a new film from Baker Perkins which, like two before it, shows the activities of this international engineering group. The title hints at the blandness to follow, *Baker Perkins—World Engineers*. There follows a picture catalogue of factories, machinery and men in white coats, surveying the group's business in making and selling machinery for the bakery, confectionery and printing industries. Smothering the cracks of every splice in the film is the most puerile music I have heard in an industrial film for many years — plinkety-plonking a sense of 1950s brightness and movement where the film either fails to possess it or patently doesn't need it.

The dilemma is, of course, that I know some people will see this film and find it interesting and even worth while. If they go through life caring desperately about biscuit-making machinery, a responsive chord may resonate. But where there is no commitment to the content, the form of the film must do most of the hard work—and it will fail horribly.

Success can come without excessive dependence on form if the content is really powerful and relevant to all of the audience. The supreme example of this in recent times comes in the latest training film from Video Arts—*Welcome Customer*. Made for the hotel industry in two parts (*Have a Nice Stay* and *See You Again*) this is designed for all "customer contact" staff. It uses the now familiar format of enacted situations where John Cleese plays either a boffoon or a sadist. The content is precise and perfectly aimed; funny, as we have come to expect in these films, but also so true as to come dangerously near to not being funny. It is universal to the experience of man.

A sample of the content without the form sums it up. Hotel restaurant waiter, John Cleese, towering forbiddingly over customer who has just sat down: "You can't sit there, sir, it's reserved." Customer: "Well, it doesn't say reserved on it." Cleese: "No, sir, the head waiter, he knows it's reserved, it's marked on his plan. . . . You should have waited until you were shown a table." "But when I came in nobody took any notice of me." "We are busy, sir. . . ."

Stronger use of form comes in another Video Arts film, this one co-produced with Ash and Lacy as an employee relations training film — *Who's in Charge?* The content is still there, although no longer funny. The film traces the events which surround the promotion of a young worker to the job of supervisor—and the resentments, management problems and communication failures that lead to near anarchy.

This film made a powerful impact on me not only because its content is strong, relevant and believable stuff, but because the characters and the environments are credible and identifiable. Unforgettable, for example, is the clever cuss who is determined to make life easy for himself and difficult for the new supervisor; even for viewers who have never been on a factory floor, the character is familiar—we have met him either in the army, the office or the pub round the corner.

A semi-success in the clever marriage of form and content comes in another corporate-type film, *The World of North Thames*. In spite of the unexciting title, this is a sincere attempt "to probe into the humanity" behind North Thames Gas, which employs 13,000 people to service nearly 2m customers. Compendium-type films are always very difficult to handle, but this largely succeeds because it takes real incidents with real individuals in situations that will be credible to most people; and even moments that are incredible, as reminders of the problems that North Thames Gas employees sometimes have to cope with—such as the customer who wants to put a five pound note in the gas meter, and the difficulty of language which meter readers may face in ethnic communities.

With a new film from Pedigree Petfoods, *Good Dog*, I ceased to be a disinterested lay viewer to whom content was no more important than form. I am rather silly in my passion for dogs, and the wagging tails and eager muzzles in this film about dog training were almost enough for me to overlook its simplistic style. It works well enough and does a job in highlighting how dogs can be trained to behave well.

Neglected

Yet even here there is blandness. Pedigree Petfoods wants dogs to behave well—and so do I—as a responsible reaction to the anti-dog lobby. The film skirts these issues and avoids the controversial emotions that make a film like this necessary. Some of these anti-dog emotions can be irrational, even neurotic, with an uncomfortable similarity to the feelings of the racialist. Where is the film sponsor who is ready to tackle this subject.

It is not much different to industrial relations and trades unions — neglected subjects on film except in the dramatised disguise of a training exercise. The real issues of industrial conflict, personal motive and prejudice are never tackled by film sponsors. Is it really better to play safe with blandness—never losing, but never really winning? Or to accept the wisdom of an anonymous quotation I recently came across: "He who has the truth at his heart need never fear the want of persuasion on his tongue."

Greenhill God given ideal trip for Victoria Cup at Ascot

RACING

BY DOMINIC WIGAN

THERE WERE 21 acceptors at the four-day declaration stage for tomorrow's Autobar sponsored Victoria Cup at Ascot and Ladbroke's has been quick to price up the seven-furlong sprint, a handicap which rarely goes the punters' way.

The country's biggest bookmakers make Brian's Venture, the winner of Playboy Bookmakers Newbury Spring Cup their favourite at 6-1 and offer 7-1 Persepolis and Greenhill God, 10-1 Kintore, 12-1 Cry No More and 14-1 Banco and House Guard.

I find it difficult to ignore the Michael Stoute-trained Greenhill God who was clipped yesterday from 10-1 to his current price after heavy support from the moment that the credit offices opened.

As Newbury was his first race Greenhill God undoubtedly put up a highly satisfactory effort in finishing a close fifth and I have little doubt that a preliminary outing might well have tipped the scales in his favour.

In the early stages of the Spring Cup Greenhill God threatened to take control as he made rapid headway a quarter of a mile out. Lack of peak fitness, however, then began to take its toll and the colt finished behind Yamadori.

Greenhill God will do well to take his revenge on the winner, Brian's Venture, with whom he is only 7 lb better off for an eight-and-a-quarter lengths beating. Additionally, Richard Hannon's colt went for the Playboy race with the benefit of two valuable runs behind him and it is in Greenhill God's favour that he will now be racing over his ideal trip of seven furlongs.

Another highly rated challenger from the same stable tomorrow will be the Gold Cup winner, Shangamuzo, who bids for a repeat success in the Sagaro Stakes, a race which the Klairon horse turned into a procession 12 months ago when galloping away from the opposition to win 12 lengths ahead of runner-up Buckskin. Nicholas Bill appears to be the only stayer of consequence likely to threaten Shangamuzo.

The ante-post markets on the first two classics were again turned upside down yesterday by rumours concerning One In A Million (reported to be coughing) and Kris (said to have worked deplorably). Ladbroke's at one stage suspended betting on both races. It seems that the rumours were untrue.

KELSO

3.00—Barrydale
3.30—Byzantium*
4.00—Top-and-Tale***
4.30—Canadine**

TV/Radio

BBC 1

† Indicates programmes in black and white

9.38 am Schools. 12.40 pm News. 1.00 Pebble Mill. 1.45 [illegible]. 2.00 You and Me. 2.14 Schools. 3.20 Pobol y Cwm. 3.55 Play School. 4.20 Animal Magic 400th Edition. 4.40 Tarzan. 5.00 John Craven's Newsround. 5.05 Stopwatch. 5.35 The Perishers
5.40 News
5.55 Nationwide (London and South-east only)
6.30 Nationwide
7.10 One More Time! (London and South-east only)
7.40 Sykes
8.10 Miss Scotland 1979
9.00 Election Broadcast by the Labour Party
9.10 News
9.40 Behind the Scenes at Covent Garden
10.45 Campaign '79
11.25 Multi-Racial Britain
11.55 Weather/Regional News

All regions as BBC-1 except at the following times:—

Scotland—5.55 pm Reporting Scotland. 6.30 Question Time. 7.10 The Osmonds. 10.45 Scottish Campaign Report. 11.35 Multi-Racial Britain. 12.05 am News and Weather for Scotland.

Wales—4.40 pm Tren Sgrech. 5.55 Wales Today. 6.30 Election '79. 7.10 Heddiw. 11.55 News and Weather for Wales.

Northern Ireland—3.53 pm Northern Ireland News. 5.55 Scene Around Six. 7.10 Score for Sport. 11.55 News and Weather for Northern Ireland.

England—5.55-6.30 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 7.10 East: Spot On. Midlands: The Cheapest Show on the Telly. North: It seems like Yesterday. North East: Tuesday North. North West: Surprisingly Spring. South: The Getaways. South West: Peninsula. West: Moyle Magic.

BBC 2

6.40 am Open University
10.30 It's a Great Life—If You Don't Weaken
11.00 Play School
6.55 pm Realidades de Espana
7.20 News
7.30 Making a Bob or Two
8.00 Roll Your Own Revolution
9.00 Election Broadcast as BBC-1
9.10 Call My Bluff
9.40 Man Alive
10.30 Top Gear
11.05 News and the Hustings
11.35 The Old Grey Whistle Test
12.15 am Close

LONDON

12.00 noon Just so Stories. 12.10 pm Rainbow. 12.30 The Cedar Tree. 1.00 News. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.25 Film: George C. Scott in "Fear on Trial." 4.20 Get It Together. 4.45 Magpie. 5.15 Crossroads.
5.45 News
6.00 Thames at Six
6.35 Help!
7.00 Survival
7.30 Film: Bill Fraser in "That's Your Funeral"
9.00 Election Broadcast by the Labour Party
9.10 ITV Playhouse
10.10 News
10.40 Theatre Girls
11.50 The Andy Williams Show
12.25 am Close: A Letter by Beethoven read by Robin Scobey

ANGLIA

[illegible]

ATV

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

Radio Wavelengths

[illegible]

RADIO 1

[illegible]

RADIO 2

[illegible]

RADIO 3

[illegible]

RADIO 4

[illegible]

BBC Radio London

[illegible]

London Broadcasting

[illegible]

Capital Radio

[illegible]

F.T. CROSSWORD PUZZLE No. 3,960

ACROSS

1 [illegible] iron border (6)
[illegible] charges [illegible] sailor (6)
[illegible] fighting leader (6)
[illegible] about bishop (7)
[illegible] in the plot is [illegible] (7)
[illegible] to admit German [illegible] could be intricate (8)
[illegible] ten and pivot (4)
[illegible] animal (5)
[illegible] note it needs fuel (7)
[illegible] I'm to arrange for [illegible] (3-5)
[illegible] with which to [illegible]
[illegible] repetitively a type [illegible]
[illegible] to twist and turn
[illegible] but it's tedious (4-6)
[illegible] volume a learner [illegible] in the letter (7)
[illegible] model of fish with [illegible] (7)
Continue to increase stretch (6)
Record holder taking an arm[illegible] (8)

DOWN

[illegible] Counterfeit Smith's work (5)
[illegible] I'm taking people south-east (5)
[illegible] Disappear, having received circular letter to make contact (4, 2, 5)
5 Maturing a drink on top of (6)
6 Place in order in animals' quarters (7)
7 Self-employed journalist not bound to transfix (4-5)
10 Sow on mound, there should be money in it (5-4)
13 Nut case to sack in bombardment (9)
15 Crazy person taking prison officer to dance (9)
17 Section of F.B.I. agents appearing in television scene (7)
19 Trumpet-call making enthusiastic supporter charge (7)
21 Acquire knowledge from Uncle Arnold (5)
22 Head of estaminet travelled to eat away (5)

Solution to Puzzle No. 3,959

ENTERTAINMENT GUIDE

THE ARTS

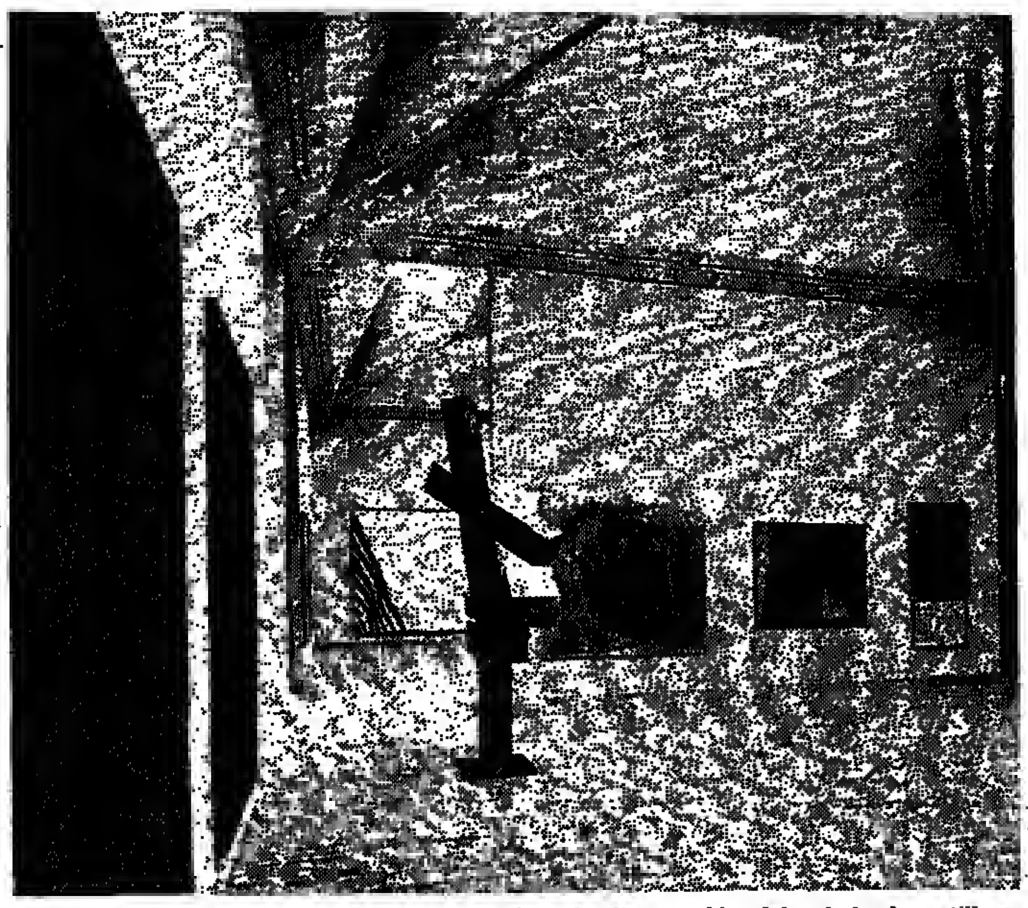
Tate Gallery Extension

A triumph of anonymity

by ROY STRONG

Twenty years ago, in 1959, I joined the staff of the National Portrait Gallery as a lowly assistant keeper. One of my more extraordinary early tasks was to be presented with a six-foot wooden rule and told to measure how many miles of wall space we would need to hang all the portraits, then banked, in a single straight line with a 44 inch centre. I can't now remember the results of this exercise but it always *springs to mind* whenever the subject of new museum and gallery buildings or extensions arises. Thirteen years later I left the Gallery, having been through a number of sites from next to the National Gallery to Millbank yet still no nearer a new building than when I started. Stoicism of a supreme kind is needed by all museum directors who endure these sagas. That Sir Norman Reid should retire from the Tate Gallery on the occasion of the opening of its vast extension is no mean triumph in personal terms.

The history of the expansion of the Tate is mirrored in that of all our national collections. An initial building in 1897 was enlarged four times until 1937. Then came the Second World War. This to all intents and purposes wiped out expansion for any of our national collections for a generation. Post-1945 meant putting the old buildings in order (and most had suffered bomb damage) and redisplaying the collections hidden during the war years. It was not, therefore, until the early 1960s that serious planning and eventually work began on the new Museum of London, the National Gallery and the Tate Gallery extensions, all of which exist, on the new British Library and the conversion of the Huxley Building of Imperial College for the Victoria and Albert Museum, both now in the building, and the new National Portrait Gallery and Theatre Museum, which still remain to be started. Anyone who has had to live through one of these projects knows that the dramas attendant upon them rival the excesses of a three volume Gothic novel, as personnel change, governments come and go and money ebbs and flows. What we are now,



in fact, witnessing is the fruition of projects initiated in the affluent 1960s. As a member of the Tate staff remarked to me: "Well, it's only four years late."

Anyone who has ever had to manage a museum building knows what a *nightmare* it is. It is hardly surprising, therefore, when the press starts up its perennial red herring of hidden treasures mouldering in the cellars that one's response is almost a shrill scream, as it is all that one can do to struggle to cope with 12 acres of leaking Victorian roof or remove the Indian collections from a store akin to a colander. The reality of collections growing and growing and nowhere to display them, the demands on a museum in the way of services from conservations to crèches, unheard of before 1939, build up pressure, desperation and utter frustration as building schemes keep on collapsing or being forever moved on into the distant future. For Sir Norman Reid to retire with the vast extension actually open and not still a drawer load of plans deserves more than an art historical bouquet.

The extension, in fact, completes the reorganisation of the whole of the right hand side of the Tate into a single panorama of modern art from Impressionism and post Impressionism down to the Minimal and Conceptual Art of the moment. It is a vast sequence of 30 galleries which, for the opening months, sweep on to include the area usually devoted to temporary exhibitions. Each room is thematic, dedicated to movements or particular artists, Expressionism or Giacometti, Dada and Surrealism or Henry Moore. In no other century have we categorised and formulated the visual arts of our own time in such minute detail. Will the "idea cubes" that makes up this labyrinth be still so divided 50 years hence? I doubt it, but that is irrelevant. This vast area and its contents will be a godsend to every art student the length and breadth of Britain. Here, at last, it all is in quantity—and quality—banked from floor to ceiling, not only painting and sculpture but drawings and watercolours. It is a stupendous quarry which should have been on display years ago.

No one, I think, will be able to say that the extension in any way a work of art in its own right or a *startling contribution* to contemporary architecture. Indeed the brief from the Tate deliberately eschewed that. It is much less assertive than the recent National Gallery extension, which had strong lingerings of the marble halls tradition, deliberately taking as its premise the objective of creating a machine for viewing pictures. It is, in fact, a container, a crate in which hundreds of works of art we have seldom seen can at last be screwed to the walls. All the latter are painted a shade of grey which, through experimentation, was found to be the colour on which any of these works would look happy. So do not go expecting the drama and style of the interior decorator. Both these ingredients depend on light control, often distortion, and the desirable tenet of this extension is *daylight, top lighting from* the roof, an amazing and complex engineering feat quite beyond my range of intellect to explain. The net results is summed up in the word *serious*. There are no gimmicks, no false glamour, but the reality of the works in their abundance. No one who walks through these rooms will leave without a sense of wonder and pride.

Architecturally the Tate extension, therefore, says nothing new and sets out not to. It belongs squarely to the post-war brutalist tradition. It is puritanical, pure in its use of concrete, steel and wood. It *is* totally ungrand, not a whiff of enrichment, not a trace of gilding, drapery, decoration, not even carpet. It is utterly undomestic and wholly clinical. In short it is a triumph of anonymity and ignores many of the fashionable attitudes propagated as part of 1960s museology. Things like variations in floor level were then all the rage which could result, for example, in the National Gallery inserting rostra in their rooms so that visitors went up five steps only to descend five a minute later, all to excite the feet! It was the anti-marble and parquet era. Every floor surface vanished beneath miles of lino and carpet tiles. Artificial light was *in*. Up went the false ceilings and in went the batteries of spots. Education was in. Graphics and allied material could sink works of art without trace amidst a barrage of interpretative matter. The Tate Gallery extension turns its back on all this. In one feature alone does it remain 1960s, that is, it is a one-way round exhibition and I noticed practically no escape routes *from the moment I saw Whistler* down to the famous bricks.

All things considered, Bravo! Obviously there will be teething troubles once the public gets in. More to the point there is nothing wholly irrevocable about the area. It is just a blessed, flexible space which can be adapted time and again as each generation comes to want to look at the same works in a different visual ambience. For the Tate it is the end of an era and, for Sir Norman, a great vindication of the gallery's acquisition policy during his directorship.

Covent Garden

Beecham centenary concert

by RONALD CRICHTON

Sunday, as few musical people in these islands can fail to have noticed, was the centenary of the birth of Sir Thomas Beecham. The Royal Opera celebrated the day with a jolly concert in the evening at which Norman Del Mar conducted the ROH Orchestra. In the programme book — a handsome document, not expensive as such things go, and not distributed to the Press (posthumous instructions?) — Beecham's biographer Alan Jefferson explained how Beecham and his father, Sir Joseph, nearly became the owners, with much other property, of the two "Patent Theatres," Covent Garden and Drury Lane. Presumably they would have done so if Sir Joseph had not suddenly died. What might have happened with Sir Thomas as the owner of both historic theatres as well as associate and some time artistic director of one of them is a matter for endless speculation.

Since many younger patrons may nevertheless have wondered exactly why the concert was given at Covent Garden, a list of Beecham's achievements there would have been useful. So far as one can make out from a not entirely helpful table published in Opera 20 years ago and reproduced in the current Friends magazine, *About the House*, between 1910 and 1951 Beecham put on about 60 different operas at Covent Garden and conducted nearly half of them himself (he didn't always conduct the first night, being almost as likely to appear where he wasn't billed as not to appear when he was).

Two things are in danger of being overlooked when tributes are rolled out to the admittedly picturesque externals of Beecham's personality — the generosity with which he put his personal fortune at the service of music (particularly of opera) and the amount of sheer hard work he undertook. The way things go now would hardly have suited his benevolent autocracy, but without what he gave in money and personal effort it is quite possible that there would be no Covent Garden today.

The concert was enjoyable enough on its own account to make thoughts about what he would have done with it seem idle. The choice of works (Handel-Beecham, Delius, Mozart, Strauss) was suitably Beechamesque. Norman Del Mar and Jack Brymer (soloist in Mozart's Clarinet Concerto) were members of the Royal Philharmonic Orchestra under Beecham and Mr. Del Mar became his official assistant; the evening was introduced by Leon Goossens, illustrious oboist of the London Philharmonic. Beecham's *Handel* arrangements (Mr. Del Mar chose a suite from *The Origin of Design*) sound strange now, but at the time they made the public aware of the vast tracts of forgotten Handel, and Beecham picked marvellous tunes. One would like to hear *his views* on the *sounds* made by some of today's less persuasive early-musickers.

Orchestral sound at Covent Garden transferred from pit to stage goes several degrees lighter. Mr. Del Mar was wise therefore to keep Delius's *Brigg Fair* on its toes—a graceful performance. Mr. Brymer played the Mozart Concerto with a freedom that took the reading straight out of the "official celebration" category: the *rustic* origins of the clarinet were well and rightly to the fore. The soloist in the closing scene from *Salome* was Hildegard Behrens. I did not hear Miss Behrens sing the role here last winter but can attest that the impact on Sunday was infinitely greater than in the portentous Salzburg *Festival* staging. Her attack and sustained power were hardly less remarkable than the absolute evenness of the soft singing and splendidly forthright diction. The Trojan March of Berlioz rousingly played as an encore was a further reminder of the *inimitable* way Beecham educated us through intense enjoyment.

Book Review

Mingled chimes

by ELIZABETH FORBES

April 29, 1979, marked the centenary of the birth of Sir Thomas Beecham, conductor extraordinary, *enfant terrible*, elder statesman, at once the scourge and the chief architect of the British post-second-world-war musical scene, subject of innumerable stories, true and apocryphal, author of a myriad witticisms still gleefully quoted by those who played or sang under his baton. *To celebrate* the occasion two books are being published; the first, a new edition of Beecham's "Leaves from an Autobiography," *A Mingled Chime* (Hutchinson, £5.95, 272 pages), was originally issued in 1944; the second, *Sir Thomas Beecham* by Alan Jefferson (Macdonald and Jane's, £6.50, 256 pages) is described as a "Centenary Tribute."

As the author of the latter work says in his Preface, it is still too early for a definitive—or objective — biography of Thomas Beecham, and so he cannot be blamed for not having written such a study. The book, eschewing strict chronology, is divided into sections on Family Life, the Orchestras, In the Opera House, an arrangement which leads to a certain amount of repetition. The first *chapter* is the least informative. Becham's relationship with his father Joseph, son of Thomas Senior, inventor of the famous Pills from which the family fortune derived, is adequately sketched; his three marriages obtain honest analysis; his liaisons, when relevant to his career as in the case of Lady Cunard or of Maggie Teyte, get similarly impartial treatment. But the man himself, as son, husband or lover, slips through the mesh of words and facts.

With the musician, Mr. Jefferson succeeds rather better in capturing an elusive person*ality*. *He is specially* good on the earlier years, where he has *A Mingled Chime* (which goes no further than the early 1920s) to help in filling out the bare outline of events. After his hopes of becoming a concert pianist or a successful composer of operas had faded, and all his immense nervous energy and considerable intellectual gifts were devoted to conducting and management, Beecham became, almost overnight, the catalyst needed to awaken the English musical establishment from its long torpor.

In retrospect Beecham's first (1910) season of opera at Covent Garden, when he introduced Richard Strauss's *Elektra*; his presentation—underwritten by Sir Joseph—of the Russian Opera from St. Petersburg at Drury Lane; his establishment of the Beecham Opera Company with its reliance on and encouragement of British singers and conductors—these are not only actions of great worth *per se*, but achievements whose influence can still be strongly felt today. Sir Joseph's purchase of the Covent Gardent Estate, 14 acres including the market and the Royal Opera House, from the Duke of Bedford; the subsequent outbreak of war with its restrictions on transfer of capital funds; Sir Joseph's untimely death, just as an agreement with his creditors had been reached and Sir Thomas's inheritance of the "appalling financial incubus"—these too can be seen as events with less happy but equally far-reaching consequences.

Mr. Jefferson efficiently blocks in the second half of Beecham's career the founding of the *London Philharmonic* and *Royal* Philharmonic Orchestras, the inter-war seasons at Covent Garden, but these years have been treated in fuller detail elsewhere. Too many small errors—Eva, not Elisabeth, von der Osten was the first Oktavian in *Der Rosenkavalier*; Fuad, not Farouk, was king of Egypt in 1926 — have been allowed to remain uncorrected.

Beecham's outrage at not being offered the artistic or musical directorship of Covent Garden in 1945, which made him lash out cruelly at the young company's failures, as he saw them, revives painful memories. It is ironic that the man indirectly responsible for British opera singers' present high international standing should have been the person to attack them most vituperatively. The wound to his pride was soothed if not healed by his return to the familiar pit *in 1951 to conduct Die Meistersinger* — and that, to anybody who heard one of the performances, is a wholly pleasant memory.

Art for managers

Business Art Galleries, which was established last year by the Royal Academy with the aim of promoting contemporary art, as well as aiding the financial position of the RA, has added another dimension. From this month it is co-operating with the magazine International Management in the Executive Art Club.

International Management, which has a world wide circulation of over 150,000, is offering limited edition prints by Sir Hugh Casson, President of the Royal Academy, and Bernard Dunstan, to its readers at a price of £55 each. Each edition is limited to 350. Managers taking up the offer become members of the Club and will receive regular offerings from distinguished Royal Academicians, for either home or office decoration.

Festival Hall

Brendel

by DOMINIC GILL

In recent years we have heard a great deal of Beethoven and Schubert from Alfred Brendel: and not as it happens a great deal else. It was ripe time, and welcome, to be reminded at *his piano recital on Sunday* afternoon—as those who know his records, and especially his early Turnabout issues, will know already—that Brendel is no narrow specialist and is indeed among his several inclinations, which extend well into the 20th century, *par excellence* a Lisztian.

It was an unusual and adventurous programme. Brendel is not the first pianist to think of setting off Schoenberg's six little keyboard aphorisms op.19 by framing them with the more aphoristic and pungent, usually late, pieces of Liszt: but none has ever done it more judiciously, or with more careful eloquence. To introduce the sequence, he chose three notably austere late Liszt pieces of the 1880s: the *Funeral Music for Mosonyi*, positively ascetic in its skeletal form and harmony; the weird and disjointed *Schaflos, Frage und Antwort*, its final murmur of consolation delivered (as Martin Cooper nicely discovers) "with a slight French-Catholic accent;" and a wisp of a *Schlummerlied*, obsessively ostinato.

The first of the three *Valses oubliées*, which capped the first Liszt group was attractively light and vaporous — if rhythmically a little prosaic, a shade under-characterised. But there was nothing less than forthright in his reading of the six Schoenberg Little Pieces which followed, given like the Liszt as a single sequence with hardly a pause between pieces: quick and concentrated, beautifully crafted. Many of Brendel's listeners will have been surprised — as no doubt was the intention — not only to find Schoenberg in his programme, but to find a tonal Schoenberg, especially after late Liszt, so easily and poetically accessible.

One had noticed earlier in the little *Valse oubliée* not so much a rhythmic slackness, as a certain rhythmic bluntness, a lack of rhythmic variety and glitter. In this respect Brendel is unpredictable: sometimes he will sparkle, and at other times the subtle machinery that works the rhythmic impulse will seem to seize up, grow cold. For the placing and timing of their climaxes, for the exquisite tonal colouring and balancing of voices, above all for their scrupulous pedalling, the three pieces from Liszt's third *Année de Pèlerinage* and the marvellous late *Csárdás macabre* were superb; and in their avoidance of any kind of schmaltz, they had an angularity, but also a *starkness and grandeur*, which more indulgent, less intelligent performances lack entirely. But they were rhythmically dull: momentums were begun and sustained—but little was done with the momentums, or within them, meanwhile. Strange bluntness, that robbed the music of much of the magic it could have had.

Brendel ended in still lower key. He unearthed Busoni's splendidly eccentric *Toccata* of 1921, and gave it sweetly, but without pomp or ebullience, or any trace of grand manners: an intriguing, soft-spoken account not really pointed or sharply focused enough to be wholly convincing. He seemed unwilling to let go, let free, let soar. For his finale he played Brahms's Handel Variations with fine correctness, but without fervour—no flash of fire, no sudden sighting. The decision to make a substantial *ritardando* at the end of all but two of the 25 variations only emphasised the solidness of the dramatic progression.

Two sopranos

by MAX LOPPERT

Two recitals at the weekend, Ileana Cotrubas' at St. John's, Smith Square, on Friday, and Elly Ameling's at the Elizabeth Hall on Sunday, brought tidings of good cheer to lovers of Lieder singing. No need to sound the death knell for the art, at least not while two such glorious exponents of it are in full bloom.

The most important features the sopranos have in common; each *can sing beautifully*, in timbres and tones that delight and woo the senses; and each is an instinctive communicator, which demands more than beautiful singing alone. Otherwise, it is the differences between the two that made themselves felt, helping to confirm individuality and peculiar excellence. In memory, one sets off the other—Cotrubas' fascinating blend of veiled, frail colours in middle voice opening out higher up into big, full-throated brilliance, set against the needle-point glow traced throughout its compass by Ameling's finer, more evenly registered instrument. Cotrubas is capable of passionate outpourings of sudden, piercing pathos, in a way that stirs an audience's emotions; Ameling, though her light vocal substance can be turned to surprisingly dark and powerful expression, is essentially an artist of sunshine, of charm never overladen and refinement never affected. Fruitless comparisons: with both, the world becomes a better place.

The St. John's recital (in aid of the Malcolm Sargent Cancer Fund for Children) found Miss Cotrubas in splendid voice, taking easily to the ample reverberance of the acoustics. The programme was challenging. Britten's *On This Island*, if not clear in every one of Auden's words, alerted the ear to notes of warmth in the vocal writing not always heard from native singers—Miss Cotrubas should now undertake a Britten operatic heroine or two (the Governess, for a start). Twelve songs from the *Italian Song Book* showed her resourcefulness and mettled wit as a Wolf singer, one who plays to the full all the roles limned by the songs without ever stepping outside their natural bounds. (Wonderful sense of contradictory strong feelings in "Wer rief dich denn?"; wonderful urchin tones, tones of impatience, pathos, and comedy intermingled, in "Wie lange schon war immer mein Verlangen"; and peerless wit from Geoffrey Parsons in Wolf's postludes—Mr. Parsons has become, among Lieder pianists, the supreme Wolf interpreter.)

A Fauré group was disappointing only in choice—a singer who manages to convey both the complex inner workings and the smooth surface of Fauré needs to test herself against stronger stuff than the early "Papillon et la fleur" and "Ici-bas." Finally Strauss, not all of the seven songs the best Strauss, but climaxed with an exultant "Kling!". The single encore, Lia's Air from Debussy *L'Enfant prodigue*, sent sounds soaring through the church that must be lingering in the eaves still.

Miss Ameling's programme was even more interestingly chosen. She began with five very beautiful airs, accompanied by Toyohiko Satoh's lute, by the 17th century Dutch composer-diplomat Constantin Huygens; and she uttered them with the purity of tone and distinction of declamation that had one thirsting for Monteverdi from the same singer. Frank Martin's *Drey Minnelieder*, which brought Dalton Baldwin onto the platform as pianist of the evening (not always on his most precise or assertive form), reminded one how many grateful opportunities Martin's superficially dry vocal writing always supplies the sophisticated singer.

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Tuesday May 1 1979

A warning by Mr. Heath

MOST BRITISH people, in the words of the Conservative election manifesto, no longer have any time for politicians who try to gloss over the harsh facts of life. Whether of not that is true, Mr. Edward Heath must have believed it as he prepared the major foreign policy speech he delivered in Sidcup last night. The world picture he painted was sombre. Britain, in Mr. Heath's view, must face up to the challenge of a "faster moving, more competitive and more frightened world," or pass out of the mainstream of history. Instead of meeting the challenge, Britain was in grave danger of becoming a nation totally absorbed in itself.

Island fortress

Many of Mr. Heath's points are undoubtedly valid. He is right to stress that, in an interdependent world, the concept of an Island Fortress is "as politically and economically outmoded as the mediaeval castles that dot our landscape." He is equally right to point out that the world is undergoing an industrial revolution comparable to that of the 19th Century and to conclude that one of Britain's first priorities must be to tackle the problem through co-operation in the EEC — while not forgetting traditional links with the Commonwealth and the U.S. If he wanted further proof of British self-absorption, he need only have turned to the foreign policy section of the Labour Party Manifesto, the opening words of which refer to the need to build a democratic socialist society in the UK.

It is unlikely that Mr. Heath's intervention, however statesmanlike, will change the tone of the election campaign between now and Thursday. Elections, whether in the UK or elsewhere, are hardly ever fought on foreign policy issues, however relevant they may be to the country's future prosperity. Mr. Heath's attempt to use the parlous state of the world to justify the need for greater realism at home is unlikely to have a wide appeal beyond the ranks of some Tory supporters. Neither of the two major parties has more than a fairly sketchy reference to foreign policy in its manifesto, and the Conservatives go much less far than Mr. Heath did last night in emphasising the world's economic, political and military instability.

In some areas of foreign policy the two manifestos are similar. Both are for stronger links with the Commonwealth, and both stress the importance of the EEC's Lomé Convention as an instrument of development policy. Both want reforms in the Common Agricultural Policy and both are against excessive "bureaucratisation" in Brussels. As set out in the manifesto, Labour's policy is far more detailed, with references to issues like Cyprus, Namibia and Latin American dictatorships, which receive no mention on the Tory side. There are the obvious differences on Rhodesia, and a difference of emphasis on the Middle East, with the Conservatives backing President Carter's peace effort and the Labour Party putting greater, though indirect stress on the Palestinian cause.

There are, of course, also major differences, both in tone and content, in the two parties' overall approach to the EEC. While the Conservatives emphasise Britain's European commitment and their desire to work "honestly and genuinely" with the other EEC countries, the Labour Party manifesto endorses the idea of a "wider and looser grouping of European" states and comes out explicitly against economic and monetary union and moves towards federation. The Labour Party tosses out the almost certainly unrealistic suggestion that the Rome Treaty should be changed to give greater powers over Community decision-making to the House of Commons, and claims that Labour is the only party to offer the prospect of "fundamental and much-needed reform of the EEC." Many people in Brussels, however, would argue that the more conciliatory Conservative approach is more likely to secure the sort of changes in the CAP and the Community budget that both parties say they are seeking.

Human rights

It is, however, on the broader world issues that Mr. Heath has raised that the two manifestos are most divergent. While Labour stresses the need for detente, disarmament and support for human rights, the Tories emphasise the growing threat from the Communist bloc and the need to strengthen Britain's defences. But the ringing tones of Mr. Heath are lacking. Mr. Heath's speech may not have a crucial impact on the election result, but he is right to draw attention to the broader world context in which the UK will have to survive during the years ahead. The as yet unanswered question is whether any British Government can arrest the process of historic decline of which he warns.

Edging towards real values

THE SLOW progress in turning the Sandilands report on inflation accounting, which totally ignored the monetary aspect of the problem, into an acceptable basis for more realistic company accounts has now occupied four and a half years. The publication of a new exposure draft by the Accounting Standards Committee marks a renewed attempt to resolve the long debate and adopt a mandatory standard. The six months allowed for comment, however, may well prove that we are still looking for the answer.

Brutal fact

The debate has become so technical, and for most outsiders so boring, that its real importance is in danger of being forgotten. The brutal fact remains: at times of inflation, historic cost accounts tend to overstake profits, so that shareholders, employees and the State are all tempted to stake claims on funds which are in fact required to maintain the business in being. The State, to do it justice, recognised the problem even before Sandilands reported; stock appreciation relief and 100 per cent first-year depreciation allowances have ensured that purely notional "profits" in manufacturing industry do not attract tax. However, investors and employees still get what can be a dangerously misleading picture.

The new draft, ED 24, is in some ways a step forward, but unfortunately it introduces a new form of confusion into what is already a confused subject. This arises from the introduction of a new adjustment, the Monetary Working Capital Adjustment, which is admirable in itself, but which is somewhat vague in coverage, and appears to be based on a different arithmetical principle from the gearing adjustment which is applied to allow for the effect of borrowing on the rest of the accounts. This inconsistency must create some doubt about the nature of the new and useful concept introduced — current cost operating profit—as well as on the figures for current cost earnings and the inflation-corrected balance sheets which the draft proposes. The aims are impeccable: the means of achieving them questionable.

The inconsistency arises because the new adjustment is more realistic than the former Hyde guidelines in principle, but seems somewhat arbitrary in coverage; while the calculation of profit attributable to shareholders covers the entire operation of the company, as it should, but is based on a deliberately conservative formula—intended, it seems, as a compromise between those, notably investment analysts, who have insisted on the need for an adjust to allow for the falling value of debts, and those like the original Sandilands committee who rejected it. Two odd results can be mentioned here to illustrate the possible confusions. First, firms with access to trade credit will declare larger current cost profits than those which rely on the banks, quite apart from any difference in the cost of credit; and if adopted for tax purposes, the mixed formula would erode the revenue base.

Watered down

It is a pity that even at this late stage, the profession cannot agree on a consistent basis for inflation accounting. The new working capital adjustment has at last admitted the principle that a business must maintain its *net* capital in real terms before declaring a profit: but the same capital maintenance formula is watered down when it comes to the accounts as a whole. This will result not only in odd figures for particular companies and industries, but must make it much harder to agree with our European trading partners on any internationally accepted formula. Such an agreement will not include the Germans, who seem inclined at the moment to prohibit inflation adjustments in company accounts. Events may yet confirm their belief that it is more straightforward to stop inflation, hard though that is, than to account for it.

What The Times does after its troubles in Germany

BY MAX WILKINSON in London

THE DECISION of Times Newspapers to abandon its attempt to produce its first weekly edition in Frankfurt this weekend has raised a central issue of how the management will continue its campaign to persuade the unions to agree new terms for printing the paper in London.

For, in spite of management disclaimers, the ill-fated attempt to print in Frankfurt has been seen as a hard line attempt to bring the unions to heel. And there is increasing evidence of a difference of style and approach, although not an outright division of opinion, among board members themselves.

On the one hand Mr. William Rees-Mogg, editor of the Times, has trenchantly emphasised issues of principle including the freedom of the press and the interference by pickets with this process. He has also been outspokenly critical of the union organisations with which the Times is negotiating.

Mr. Rees-Mogg took the lead in persuading Times Newspapers to print abroad during a meeting two weeks ago which is said to have lasted from 2 pm to 9.30 pm. It is not surprising therefore that some Times executives as well as the unions believed that the foreign printing operation was intended to demonstrate a certain independence from the British print unions.

Some of Mr. Rees-Moggs colleagues on the board have been a good deal more hesitant about the wisdom of trying to print overseas, and there is likely to be a vigorous internal debate during the next few days about whether to abandon the idea altogether or to seek another printing works.

The management has made it clear that copies printed overseas would not be for distribution in the UK. However the unions point out that they would nevertheless be partly replacing copies which would otherwise have been printed in London.

Disagreements about future tactics do not however appear to have damaged the unanimity within the Thomson Organisation, owner of Times Newspapers, about the central objective of obtaining a reform of working practices and agreement on the use of new computer typesetting equipment.

For a large part of yesterday the main board of Times Newspapers was locked in discussion about the future of The Times, The Sunday Times and the three supplements, which have now been off the streets for nearly five months.

After the meeting Mr. Gordon Brunton, chief executive of Thomson British Holdings said: "I regard the decision to print in Europe as a tactical decision and not part of the strategy which was being discussed in the Board."

Mr. Brunton said there was no disagreement at all on the basic issues at stake but he conceded that it was "totally right" to say that there was a considerable difference in ideas of how to achieve a solution. On strategy, he said there had not been a dissentient vote in any meeting of the four boards including that of the International Thomson Organisation which had to consider the situation.

However the distinction between tactics and strategy is extremely difficult to make in the confused situation now confronting the Times. The *management* has basically four options but most of them are tangled up with each other.

First, it can continue to strive for agreement by conventional negotiations, and it is doing this with a renewed proposal for a compromise with the National Graphical Association, the union concerned with computer typesetting. The most likely compromise would be a serious undertaking by the NGA that the question of whether other unions should operate computer terminals could be reopened after two to three years. However it is hard to see how the management could be convinced that such an undertaking could mean anything.

Secondly, both sides could hope that an outsider could bring the two sides together; a new Minister, Mr. Len Murray or perhaps Lord Scanlon might help to forge a compromise.

Thirdly, the Times could settle down for a long seige in the hope that the 3,000 sacked employees will be "starved into submission." Mr. Brunton certainly indicates that the Board does not intend to give way in the foreseeable future even though he says the possibilities of a settlement "look very bleak."

Finally, there is the hard line possibility of trying to break the unions' will by printing The Times overseas.

Mr. Michael Mander, deputy chief executive of Times Newspapers says the intention was only to keep journalists and advertising people occupied. But it is clear at least that a regular overseas edition would at least strengthen the management's hand against unions. And it is not inconceivable that a successful operation of this kind could be exanded significantly if the unions could not be brought to agreement by the end of the year.

However bleak this is a possibility which the management must now face. And if, by Christmas it could not keep the titles alive, it would probably have very little option but to sell to the highest bidder. There must be a limit, after all, to how long the Thomson Organisation will be willing to finance current losses of £1.5m a month, even out of group profits exceeding £100m a year.

The Turkish and left-wing connections

By GUY HAWTIN in Frankfurt

THERE seemed little doubt last Friday that this week would see the first issue of The Times weekly international edition on the news stands. Industriegewerkschaft Druck und Papier (IG Druck), the powerful West German print union admitted in so many words that The Times' management had out-smarted it on its own ground.

The two West German companies chosen to print the new edition were virtually non-union shops. The assurances of The Times' management that both companies were union-organised was less than completely candid — the small Darstadt type-setting company that type-set the issue boasted only 10 IG Druck members out of their 20 staff, while most of the Turkish-owned printing company's staff are members of a Turkish trade union.

In the event there was little IG Druck could do to back-up the National Graphical Association, the British print craft trade union, other than metaphorically wring its hands. By Friday night the German union officials had exhausted all their possibilities. Negotiation and exhortation had failed and only picketing remained open to them.

Pan-European disarmament

The capitulation of The Times' management on Sunday and the abandonment of attempts to publish the full edition (several thousand copies were printed and will be distributed this week) appears to have been as much of a shock to IG Druck as the observes here who were so confidently predicting its appearance. Indeed, there is a strong case for arguing that The Times contributed more to its own defeat, in its choice of printers, than did the trade union.

TER Druckerei, the printing company based in Zeppelinheim near Frankfurt, which was chosen to print the international weekly, is primarily in business to publish the European edition of Tercüman, the Turkish daily. Tercüman stands to the right of the Turkish political spectrum and, as in Turkey itself, there has been a rapidly growing polarisation of Left and Right among Turkish guest workers here.

While West German trade unionists picketing the TER Druckerei plant on Zeppelinheim's quiet industrial estate were aiming at preventing The Times appearing, a minority of the picketers appeared to have different motives. They were there, it seems, to demonstrate against Tercüman for supporting the Times lock out.

According to the police, the trade unionists were joined by a number of well-known local radicals and Turks opposed to Tercüman's policies. And it was these two groups which threatened the violence that led to The Times' decision to cancel its print run.

In contrast to the crowd of between 200 and 300 pickets who surrounded TER Druckerei, the demonstrators at Gutfreund und Sohn, the Darmstadt type-setters, were tame.

Even so, it appears that the level of violence at the TER Druckerei works has been considerably exaggerated. At no time did the police consider the situation dangerous enough to warrant more than three or four policemen at the scene—and this in a country where the police is more often accused of over-reaction than the reverse.

There appear to have been only two real acts of violence during the three days of picketing at the works. The first when a BBC television crew were threatened with knives as they tried to film pickets dancing and drinking around camp fires late on Saturday evening. The other was when police found a petrol-soaked door mat stuffed into a ventilating pipe leading to one of the compressors of the presses.

What appears to have decided The Times management against publishing was a conference with the local police. They were told that a minority of the demonstrators were well-known left-wing activists and the police felt they would have to use some force in clearing vehicles parked across the factory exits if the papers were to be driven out of the works.

The local President of Police told the Financial Times: "It is not true, as some reports have stated, that we were reluctant to help. We had the extra police available. However, some of the pickets—not the trade unionists—picked up stones and adopted threatening attitudes when it seemed that papers were about to leave the works.

"It seemed plain that we would have some trouble in clearing the way out of the printing works . . . It also also seemed certain to us that, knowing the minority involved, there would be even more trouble next weekend when the second issue was to be published . . . The Times people decided not to go ahead after considering the implications."

To the trade union side—who the Police President was at pains to exonerate from any part in threats of violence—the action against TER Druckerei was a normal picketing operation. "It was entirely calm," said a local organiser. "The police came round and when they saw the chaps dancing around the camp fires they realised they were a good natured crowd and went away.

The local organisers said that he was prepared to mount similar pickets at Gutfreund und Sohn if they attempted to start setting for the second issue of the International edition. However, he said, that so far no manuscript had yet been received for setting.

It is said by trade unionists here that The Times is casting around for other printers in the Federal Republic. It is also said that the newspaper is interested in buying out Gutfreund und Sohn.

Union officials confess that although there are not many non-union or partially-organised shops that could handle a job as large as The Times Weekly, there are a few. Said the local organiser: "If they do succeed in finding one, we shall picket them too. . . . They will not find it particularly easy to print here."


THE TIMES
International Weekly Edition
Threat to clear win in UK poll after 'scare campaign'
Callaghan challenge on new laws to curb union wreckers
Queen's visit to Africa complicates Tory policy
The Times weekly: voice that has earned a right to be heard
Labour. The better way.
French steel troubles endanger Barre plan

Part of the front page of the first issue of The Times International Weekly, which was abandoned after several thousand copies had been distributed

MEN AND MATTERS

May Day moves right in Lisbon

Lisbon's impressive "First of May Stadium," usually the venue for an annual show of revolutionary fervour, will not be festooned with red flags and hammers and sickles today. For the first time since the coup five years ago, Portugal's Communist trade union organisation, Intersindical, has been told by the Government that it must take its celebrations elsewhere.

In previous years, no one would have dared to challenge the right of the Communists to use the stadium.

The official explanation is that the State-owned workers trust which owns the site first received an application from the new non-communist trade union organisation, the General Union of Workers (UGT). The Communists put in theirs several days later.

To hire out the stadium to two organisations at loggerheads would have incited trouble. To allow one to use it, and not the other, would have brought accusations of bias.

So to get out of its quandary, both applications have been turned down. Needless to say, the Communists have branded the affair as yet another provocation from an essentially right-wing administration.

"A week is a long time in politics"

Sticky wicket

The promised demise of Kerry Packer's World Series Cricket is being greeted with relief by the World Service of the BBC. Whether to report the Packer matches, or totally ignore them, has for months, been a diplomatic dilemma in the sports department at Bush House, London, from where the World Service goes out.

Cricketing fans around the globe allege that they have been kept in total ignorance of the scores in World Series games by the regular weekday Sports Round-up programme. But Sports Call, the Sunday programme of the World Service, has been taking an entirely different line, giving scores and comment—and even interviewing Packer.

So now that Packer's TV Channel Nine has been granted exclusive rights by the Australian Cricket Board, and he has magnanimously said he will draw stumps, the sportsmen of Bush House no longer need be worlds apart.

Derelicts debated

A great deal of shadow-boxing seems to be taking place in the vicinity of four derelict houses in Philpott Lane, in the City of London. According to David Lloyd, author of the book "Save the City" and an ardent conservationist, there are plans for early demoltion of the buildings. "They are listed and date from 1690," he says. "These are some of the earliest surviving buildings put up in London after the Great Fire."

According to Lloyd, the houses contain early Georgian features and a fine stairway; he says they could be made to "look handsome" if property restored. Philpott Lane is a continuation of Lime Street, near Leadenhall Market.

When I went to look at them, the houses were anything but impressive. They are not helped to present a brave face to the world by the high gleaming edifice across the street occupied by Kleinwort Benson.

The owners of the property are Wates the builders, so I questioned chief executive Christopher Wates about his intentions. "We recognise that we cannot start with a clear site there," he said reassuringly. "They are listed buildings and we are looking for points that can be saved."

The Corporation insists that there are no applications for demolition in Philpott Lane, but simply for restoration. So either the Society for the Protection of Ancient Buildings has its wires badly crossed, or there are very conflicting views as to where restoration ends and demolition begins.

Friendship plus

In Europe's other impending general election, in Austria, the ruling Socialists are also having an uneasy time. But there, the burning issue remains more of personalities than politics: in particular, the personality of Dr. Hannes Androsch, the elegant Finance Minister and Vice-Chancellor.

For some time, the opposition People's Party has been concentrating its fire on Androsch and his alleged interpretation of the Socialist greeting, "Friendship," in business matters.

Now, with the election due at the weekend, the Vienna newsmagazine Profil has come out with a main story attacking what its cover dubs the "Androsch-clan." This is certain to intensify public concern in the last days of the campaign (voting is on Sunday), and to harm the Socialists.

The magazine asserts that Androsch and his wife hold 75 per cent of the shares in one of Austria's largest chartered accountancy firms. It is common knowledge that Franz Bauer, the manager of the firm, and minority shareholder, has holdings in other consultancy companies which received a large government contract to rationalise hospital services.

While nobody suggests any impropriety on the part of Androsch personally, Profil magazine lists a number of his assistants who have become bosses of large concerns. For instance, his former speechwriter has been made deputy director-general of the State tobacco monopoly, with a salary of more than £2,700 a month.

With the general election approaching, the Finance Minister appointed two more of its officials to lucrative jobs. On April 1, his personal secretary became commercial director of the large international centre called "U.N. City" on the banks of the Danube. His monthly salary is reported as around £2,500. Another aide will take over as deputy head of the Post Office savings banks.

Graham touch

The resemblance between Sunday's rally of Tory trade unionists and an American evangelical meeting was perhaps not entirely coincidental. Among the team of organisers from Conservative Central Office was Harvey Thomas, a British-educated "project consultant" who spent 15 years working for Billy Graham, first in England and then abroad.

Thomas says that about a year ago he was so impressed by the direction in which the Conservative Party was going that he wrote to it offering his services. Since then he has worked for the party on a part-voluntary, part-paid basis.

He declares that his contribution to Sunday's star-studded spectacular at the Wembley conference centre was "modest." Nevertheless, he was very pleased with the way it went. "It's a wonderful how many stars will turn out for something they really believe in," he said yesterday.

Man for the job

I have just noticed the name of the German aid minister. He is Rainer Offergeld.

Observer

FINANCIAL TIMES SURVEY

Tuesday May 1 1979

Fleet Management and Finance

For companies involved in fleet management, the question whether to buy, lease or to use hire purchase calls for complex calculations in order to compare relative costs. There is also a growing demand for specialist transport managers with broad understanding of new fleet operating techniques, changing regulations, methods of recruitment and training.

Complex questions on costs

By David Wainman

FEW DECISIONS should be simpler than the choice between purchase, lease and hire purchase. But the decision maker needs a clear head and a thorough grasp of what his choice is all about. And in no other area is there greater scope for misunderstanding or being misled.

The facts, upon which decisions should be based, are as follows. A business which is to acquire its vehicle, or its fleet of vehicles, by outright purchase must have the wherewithal in the way of available finance. Although this does not necessarily mean that it must have cash sitting in the bank, the business must in the alternative be capable of borrowing whatever is required, from the bank or elsewhere.

The prospective purchaser therefore needs to consider the costs of this finance. He must also weigh up the question whether using his borrowing limits in this way may circumscribe his future activities—borrowing limits always need watching, and a jealous guarding of this hard-won entitlement may be more sensible than its profligate use.

If purchase is to be the chosen route, then the tax considerations also need to be understood. Those who find it difficult to carry in their heads the detailed cash flow forecasts for their businesses (constantly updating them into the middle distance when any factor alters) would do well to commit this part of the decision-making process to paper. Few aspects of cash flow are more complex than the tax effects flowing from decisions taken.

Capital allowances of 100 per cent of cost are available on the purchase of commercial vehicles. If corporation tax is 52 per cent, this reduces the tax bill by £52 for each £100 of purchase money, but that is far too simplistic. The information really required is much more detailed.

First, is the rate of corporation tax really 52 per cent? Or is the "small companies" rate of 42 per cent the relevant one? Or still more significant, are you a small company whose profits are at a level such that the marginal rate of 65 per cent is the one against which capital allowances can be offset?

Secondly, having one's tax bill reduced by £52, or whatever, is very pleasant, but exactly when will that reduction happen? Capital allowances for expenditure in a company's accounting period will normally reduce the liability on that period's profits—payable nine months after the period end. (For companies in existence before 1965, the interval may be longer.)

Factor

But the factor which makes it so necessary to get out your pencil stub, and to find the envelopes on which you were figuring before, is that each separate tax relief has to be seen, not in isolation, but in relation to the existing pattern of profits and reliefs. The figure of 52 per cent can give a totally wrong answer if the company has not a sufficient excess of taxable profits over dividends, or has already paid overseas tax on all its profits.

Similarly, the timing of the available relief may be significantly altered if it can be seen correctly slotted into the sequence of taxable profits and losses the company has shown and anticipates showing over the years.

Where private cars are concerned, the capital allowance position is subject to even greater misconceptions. The first year allowance of 100 per cent is not available to the purchaser, but instead he gets a writing down allowance against taxable profits for the year of purchase of 25 per cent, and in the next year of 25 per cent of 75 per cent, and so on.

Even these rules are bent where cars costing over £5,000 are concerned — the writing down allowance is given at a ceiling level of £1,250 per annum until such time as the residue of cost falls below £5,000.

But again, the "unavailability" of the first year allowance needs re-examination. The way in which writing down allowances are computed will frequently result in 100 per cent immediate tax relief, despite Parliament's intentions.

If, for instance, some other asset has been sold in the year for £4,000 more than its tax written down value (that value being zero if a first year allowance was given), then the Revenue will want to claw back the £4,000 excess allowance. But the legislation enables the taxpayer in these circumstances to offset this £4,000 against the cost of any cars purchased in the year: his avoiding the clawback is equivalent to his obtaining immediate relief on the expenditure of £4,000 on a car, or cars.

Leasing, as an alternative to purchasing, cannot surely be as complex — or can it? Let us look.

The leasing industry recognises a distinction between operating leases and finance leases. The exact dividing line between the two is a matter of some debate—there is no statutory definition because neither tax law, nor accounting requires (yet) that the two be distinguished. But we can for present purposes concentrate solely on finance leasing.

And the word "finance" is the key. Lessors who make available vehicles, or fleets of vehicles, to lessees are performing a financial service, and are unashamed of it. The shape of that service is shown in the table on the next page.

The table ignores tax (which will be the subject of comment below), but makes clear what the lessor regards as his function. It shows him purchasing a £4,000 car and making it available to the lessee for a two year term.

At the end of that period, the lessor estimates that the car can be sold through the second hand market for £2,000. During the lease term, therefore, the lessor seeks 24 equal monthly instalments of rent at a level to achieve two objectives.

First, he needs to recover from the lessee the fall in the car's value, £2,000, together with interest on the unrecovered balance (columns two and three in the table).

Secondly, he needs to receive interest throughout the lease term on the remainder of the cost of the car—the residual value (column four in the table).

In financial terms, the lessor has lent this second sum to the lessee, and will not see his cash back until the car is sold off the lease at the end of the second year.

The interest rate used by the lessor in calculating the rentals shown in the table is 1.25 per cent per month, equivalent to just over 16 per cent per annum. The lessor makes his profit from the difference between the cost of his funds and this "interest income" (usually boosted as we shall see below, by tax considerations).

The table does not make clear one vital fact which the lessee will want clarified. In some vehicle leases, the final rental payment is structured as a "balloon rent": the lease calls for a payment not of £125.77, but of £2,125.77, then specifies that this sum is to be reduced by the amount (or a very large part of the amount) for which the car is eventually sold off the lease. The lessee is, in this case, exposed to a potential loss, or will participate in profit if the car realises less or more than £2,000.

Protection

Other forms of balloon rent can protect the lessee against loss while allowing a profit if there is one—or vice versa.

Whether balloon rentals are or are not involved, it is worth noting two other points brought out in the table. The first rental payment is normally due at the commencement of the lease; after receiving it, the lessor regards himself as having £3,904.23 "invested in the lease."

It is on this sum that the lessee "pays interest" at the beginning of month two. To the extent therefore that columns two and three in the table show an annuity calculation, it is a 23 instalment annuity, not 24. And the lessor cannot claim with any truth that he is providing the *whole* of the finance for the asset.

Secondly, it is also noteworthy that the lessee can, reasonably, be regarded as having had £3.904.23 of finance made available to him by the lessor. The latter's security may be different from that of other lenders—and at present neither lessor nor lessee normally shows the transaction in his balance sheet as indebtedness—but the analogy is there, nevertheless.

Our comments earlier, in relation to the borrowing abilities of a prospective purchaser, need to be contrasted with his seemingly less restricted capacity to obtain finance through leasing, over and above his borrowing limits.

The table omits tax but this is always a very considerable element in the lessor's calculations. It is the lessor, rather than the lessee, who receives the tax allowances on the car's purchase, and through a quirk in the drafting of the legislation, he is entitled to the 100 per cent first year allowance. He regards this allowance, as soon as he receives it in cash, as reducing the amount he has "invested in the lease."

Clearly it reduces the cost of his own finance and therefore reflects in increased profitability. In a competitive marketplace, the lessor can be expected to pass some part of this benefit to the lessee in the rental terms he quotes.

But just how great is the benefit received by the lessor again depends to a significant extent upon how long after the commencement of the lease the tax benefit materialises. Lessors can quote finer terms near the end of their accounting periods than at the beginning, because the interval to their tax date is then less.

Businesses acquiring their cars on hire purchase should also regard the transaction as a financial one. For a £4,000 car, on a 24-month contract, the outlay might be approximated by doubling the figures in columns two and three in the table.

This would give an even rent of £191.54 over the 24 months but the hirer needs to be aware that governments are in the habit of attempting to control credit expansion through requirements concerning the level of initial deposits in the hire purchase market.

Decisions

The tax position of the hire-purchaser is analogous to that of an outright purchaser. It is he, not the finance company, who receives the tax allowance—on the full cash cost of the vehicle. He also claims tax relief for the interest included in the rents he pays (although the timing is determined under a formula which gives relief in a slightly different pattern from that shown in column three in the table).

So there is nothing impossibly difficult about deciding whether to buy, to lease or to hire-purchase. All that is needed is a sequence of fiendishly complex calculations in order to compare the relative costs.

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Working out the fringe benefit

PAYMENT IN kind, whereby cattle, pigs, or some other form of non-monetary asset are substituted for cash, may be the oldest way of paying for goods or services.

It is not, however, the most outmoded as the vast proliferation of modern day "perks" will amply testify. For in a period of severe wage restraint companies have dreamed up and exploited a vast number of different schemes for rewarding employees without actually paying cash.

Heads of cattle are as far as we know not among them hut one of the most conspicuous, and one which has mushroomed spectacularly in the last two or three years, is the provision of a company car.

Undoubtedly successive incomes policies have played their part in this dramatic growth but the most important catalyst bas almost certainly been the rates of fixed benefit first enshrined in the Finance Act of 1976.

Under these rules, which have since been updated, the employee's car is assessed for the purpose of his or her tax return on a fixed basis regardless of the amount of private mileage provided the business use can be shown to be more than "insubstantial."

In spite of pressure from anxious tax accountants, the Inland Revenue has never formally defined exactly what this means. In 1976, however, guidelines issued by the Revenue stated that anyone who does 10 per cent or more of their total annual mileage on behalf of the company falls into the right category, though there are no hard and fast rules on where the dividing line is drawn.

As a result of this method of assessment the company car can be an extremely valuable perk. The individual is getting a substantial benefit but only paying tax on a part of it.

For instance, take a family saloon car which at £4,700 comfortably fits into the bracket of vehicles with an original market value of up to £8,000. Let's say the annual running costs, which would include petrol, oil, repairs, licence, insurance and garaging, amount to £1,000.

The executive's business mileage for one year is 6,000, while meandering round the countryside at weekends with his wife and children he clocks up a further 8,000.

Choice

Under the present system the scale charge, since the car is under 1,800 cc, is a mere £250. In other words, a total £250 is added on to his other salary plus other earnings on which he or she is then taxed at the appropriate marginal rates of income tax. For a high taxpayer, the choice between extra salary (highly taxed) and a company car (not so highly taxed in this example) is clearly more attractive.

Up to and including the financial year 1976-77 the benefit to the employee would not have been nearly so generous. Before the provisions of the 1976 Finance Act came into effect each case was individually computed by the Inland Revenue and was worked out by reference to the private mileage as a proportion of the total mileage.

The benefit was calculated by adding 12½ per cent of the car's cost when new to the total running expenses and multiplying that figure by the proportion of private usage. In our example the annual value and running costs come to £1,588 and the assessable benefit therefore works out at £907.

This method of computation is worth describing not only to demonstrate the impact of the 1976 Act but because it has been retained for employees whose use of a company car for business purposes is considered "insubstantial." The annual value for these cars has in fact been increased from 12½ per cent to 20 per cent, except in the case of cars over four years old where it is 10 per cent. If a company rents or hires the car and the annual rentals are higher than the annual value, then the higher figure is used.

It is therefore generally not attractive for companies to provide their executives with a car if the business mileage is considered by the Inland Revenue to be "insubstantial." An exception here is the employee who is given an antique Bentley—very expensive today but relatively "cheap" when sold for the first time. It is this original cost which is used to work out the annual value.

There are three main reasons why the company car is such a generous perk to the "substantial" user.

First of all, the rates as demonstrated by the previously quoted example, are widely acknowledged to be lower than even many business people might feel justified. The original rates proposed in the 1976 Finance Bill were considerably reduced during its passage through the House of Commons largely due to pressure from the motor lobby and although they were revised last year, this was only by the order of around 10 per cent.

Secondly, it is also now widely accepted that the cost of private petrol and oil and all running expenses are included in the fixed rate of benefit, although that was not the original intention of the 1976 Bill.

There is a third reason: the employee, if he is to buy a car outright, needs a lot of cash every third or fourth year. If he acquires it on HP, he is paying "interest" to the finance company within the monthly rentals, without getting a tax deduction for it.

It is much cheaper, easier and more tax effective to put the obligation onto the company to acquire the car by purchase or on lease.

Sensitive

This whole area of private petrol and running costs is extremely sensitive and it is vital that in all cases the company directly incurs the expenditure. The Inland Revenue, which is in any case known to be unhappy at the principle of private motoring being subsidised by the company and never originally intended the employee's own petrol to form part of the fixed rate of benefit, is therefore tightening up wherever it sees the opportunity.

There are ways of avoiding the Revenue's wrath. In the case of petrol, for example, the company should open garage accounts in its name for use by the employed although to be absolutely safe some observers feel the company actually needs to have its own petrol pump on the factory premises.

Travelling salesmen, meanwhile, cannot always get back to base on one tank, so to overcome this problem a number of companies have been known to issue credit cards in their names to individual employees.

The Inland Revenue is against this practice, arguing that this amounts to the same thing as putting cash in an employee's hand. The latest P11D, the tax form on which employers are required to show details of all benefits supplied to employees, specifically asks this time for information about credit card bills and similar expenses paid by the company.

Mr. David Tallon, a partner in chartered accountants Dearden Farrow, feels a lot of employees and employers could be floored by the Revenue's tough approach. "I think that sooner or later there must be a test case on the question of credit cards," he adds.

With a new Government the consequences of a test case of this kind could assume some importance. David Oliver of Deloittes, who also feels some form of legal confrontation is imminent, thinks that if an employee wins the test case a Tory Government would probably let things stand whereas a Labour administration would be more likely to seek some change in the law. The Labour Party is known to be unhappy about the present treatment for tax purposes of the company car.

It is well worth remembering that the Inland Revenue tables only apply to employees earning more than £8,500 in the current financial year. Individuals earning less than this, although that figure includes the taxable benefit of all perks, are not assessed at all if provided with a company car.

The relative merits as far as the employer is concerned of the company car as an alternative to a pay increase can be particularly well illustrated at this level.

Cost-effective disposal of ex-fleet vehicles can be vital to a company. British Car Auctions, whose Enfield depot is pictured above, sells vehicles for nearly 3,000 companies as well as for many nationalised industries, local authorities and police forces

Take a company which itself is prepared to spend an extra £1,500 to reward an employee already earning £6,500. Because of income tax (at the basic rate of 33 per cent) and the combined National Insurance contribution (20 per cent) plus a possible contribution to the company pension fund, the unfortunate employee is likely to see less than half of that £1,500 originally set aside by his boss.

Take the same £1,500, use it instead to lease a car and pay the running costs and the employee has the completely tax free benefit of private motoring at the company's expense.

In most cases employees at all salary levels are likely to be better off using the company's car rather than their own for business purposes. But where the business use is clearly considerable, say 20,000 miles a year, it may be better for the employee to provide his own car, pay all the petrol and running costs himself, and seek reimbursement at a generous rate per mile. If a rate above the RAC's recommended rate can be negotiated with the Inland Revenue the benefit to the employee could be substantial. The "advantage" the employee gets in this case is being able to extract more out of the employer — the remuneration package is, of course more expensive from the employer's point of view.

If the business mileage exceeds 25,000 miles the fixed rate benefits are halved and it will therefore almost certainly be better to use the employer's car.

It is quite plain that the company car forms a part of the executive's complete career "package" and although the scale benefits may shift upwards in time and the use of company petrol for personal motoring may be circumscribed, this expectation is not likely to be altered.

Tim Dickson

STANDARD CAR BENEFITS (1978/1979)

(assuming substantial business use)

	Age of car: Under 4 years £	Age of car: 4 years and over £
Cars with an original market value up to £8,000		
(a) with a cylinder capacity:		
1,300 cc or less	190	130
1,301-1,800 cc	250	165
1,801 cc and over	380	255
(b) without a cylinder capacity (wankel engines and electrically-driven vehicles):		
under £2,500	190	130
£2,500-£3,499	250	165
£3,500-£8,000	380	255
Cars with an original market value over £8,000		
£8,001-£12,000	550	365
over £12,000	880	585

Advantages of leasing

A PUFF of blue-brown smoke, *a smell of burning oil and a* strange whirr clunk clunk. The top salesman's car limps off the motorway and hours are wasted not only by him but several of the sales administration staff getting the problem fixed and the salesman back on the road.

All that agonising over whether to lease, to take out a contract hire deal or buy the vehicles outright seems a long time ago. Sales are being lost as someone in the regional office hunts around for the location of the nearest service centre, organises a tow truck and waits for an assessment of the time required to repair the car before authorising a replacement.

Even in companies with large vehicle fleets the transport office is usually small. Often the work is done in the various regional sales offices by the office administrator.

He knows the salesman is out there, somewhere, fuming at the delay and mentally working out the commission that is being lost. It does not help his own peace of mind to watch the growing pile of normal work building up in his in-tray, particularly as it means another hour or two after work to clear the backlog.

The salesman will have already noted the event on his incident sheet and have it as a handy excuse should the monthly sales figure be a little below target.

Obviously the blue-brown smoke and the whirr clunk clunks are not an everyday event even in a big fleet. But, if it happens to each car once a year and five sales hours are lost each time, it does not take an Einstein to realise that 5,000 hours are lost each year by a company with a sales flee of 1,000 cars.

Translate that into orders lost and trace it all the way through the firm's activities to the bottom line of its profit and loss account. In a volume intensive manufacturing operation those lost hours could be a contributing factor behind a result which is a little below the average for the industry.

The problem is easy to define. It is simply to minimise hours lost. How to do it most cheaply is the next extension of the problem and how to reduce the number of events by perhaps more strict adherence to maintenance schedules extends the problem further. Suddenly it is no longer a question of cutting lost hours but more efficient management of the vehicle fleet.

That is a much bigger test for management. It starts at the date the cars are first contemplated and runs all the way through their service life to their sale and replacement. It can mean scrutinising repair bills, maintaining continuous records on individual cars, hunting out the best discounts on cars, parts and services and it requires a simple, no fuss system that can meet the needs of a salesman stranded in Wales or a managing director whose car merely conveys him to and from work.

It falls within the finance director's province but does it need to be a separate little department? Where does a finance staff executive find the people he needs to run a section which will reduce costs without increasing bureaucracy? Will it be allocated sufficient time on the computer to analyse the data it needs?

Savings

In most companies, such questions are never solved. They have a low priority that usually only gets upgraded if the chief executive breaks down near John O'Groats. Or if the firm gets a visit from one of the growing breed of fleet management specialists. Because the out-side specialists will offer to take the problem off the firm's hands for a small fee is more than recouped from the savings that experts in the fleet management field can make.

In the main these experts are small service firms — the largest, PHH Services Ltd. employs just 40 people—with an office centred around a computer or a data processing section plus a number of desks and telephones.

The size of their market is difficult to define. But it includes any firm with a vehicle fleet. Some management specialists boast an ability to handle anything from a motor-bike to a juggernaut but most more modestly indicate their willingness to handle anything from a mini to a 30 cwt van.

Taking the second case as the industry norm, the potential market is big. Around 1.5m cars and small vans are registered in the UK each year and approximately 900,000 are owned by companies. The service life for a fleet vehicle is about 2½ years which suggests that *some 2.25m* cars are currently in corporate fleets.

Fleet management as a specialist service industry is still in its infancy and the big four in the field—PHH, Gelco, Avis and Hertz—appear to have fleets under management of between 5,000 and 12,000 vehicles each. Add to this the fleets managed by some car retailers plus those handled by the smaller specialists and the total under outside management comes out at roughly 100,000.

With such a small slice of the available market currently tapped, it is hardly surprising that there is not a great deal of price competition among the specialists. A monthly fee of around 0.2 per cent of the cost of the vehicle—on a £2,000 car kept for 30 months this works out at £200—appears to be average for specialists but it does depend on what services are offered, and the mileage done by the cars.

The basic service provided by the bigger specialists is advice on the best method of financing the cars, buying the cars, arranging delivery and disposing of them at the end of the agreed period. Package number two includes a monitoring of manufacturers maintenance schedules. A further package adds the scrutiny of all bills tendered by garage owners for work done.

As the package gets more sophisticated fleet owners simply pay an agreed monthly figure to the specialist who will maintain a full record on each car, pay all service bills as they come in, check them to ensure there are no inadvertent overcharges, monitor petrol consumption and point out which cars are dropping below expected levels. In short, the specialist will do everything but pay the insurance and registration renewals.

The finance department can get a complete breakdown on the performance of each car. It will know how many clutches various salesmen go through. It will know which of its drivers are heaviest on tyres, who have the heaviest accelerator feet and whether the particular model selected by the company most efficiently meets its requirements.

The packages are a bit like tourist holiday schemes in that there is scope to tailor them to suit the individual needs of fleet owners. This is where the competition between the specialists is toughest. For they are building their reputations on their ability to first of all assess a clients' management requirements and then give him the most cost efficient arrangement.

For a big fleet owner, with a sophisticated specialist package, the next time that puff of blue-black smoke appears along with the strange whirr clunk clunk, the first report will not be a "flap report" but a call from the specialist saying where the car is; where it is going to be fixed; the time it will take to get back on the road and what the repairs are estimated to cost.

The area sales manager or the harassed administration officer will simply have to indicate whether or not the hire of a replacement car is warranted. The salesman has already been put in the picture by the specialist and his time off the road is cut to perhaps one hour. The sales, the orders, the production and that all-important bottom line figure are barely dented.

At the area office there is no torn-out hair littering the floor and for the specialist fleet manager, it is all part of the service.

Terry Ogg

CALCULATION OF CAR LEASE RENTALS

Calculations of lease rentals for a £4,000 car, two-year lease term, interest at 1.25 per cent a month, residual value estimated at £2,000 (tax effects ignored).

	Column 1 £	Column 2 £	Column 3 £	Column 4 £	Column 5 £
Cost of item to be leased:	4,000.00				
Residual value at end of lease term (anticipated):	2,000.00				
Amount to be recovered from lessee during lease term:	2,000.00				
Lease Rentals		Capital	Interest	Additional Interest	Total
Commencement	95.77	95.77	—	25.00	120.77
	1,904.23				
Beginning of month 2	71.97	71.97	23.80	25.00	120.77
	1,832.26				
" " " 3	72.87	72.87	22.90	25.00	120.77
	1,759.39				
" " " 4	73.80	73.80	21.97	25.00	120.77
	1,685.59				
" " " 5	74.70	74.70	21.07	25.00	120.77
	1,610.89				
" " " 6	75.63	75.63	20.14	25.00	120.77
	1,535.26				
" " " 7	76.58	76.58	19.19	25.00	120.77
	1,458.68				
" " " 8	77.53	77.53	18.24	25.00	120.77
	1,381.15				
" " " 9	78.51	78.51	17.26	25.00	120.77
	1,302.64				
" " " 10	79.49	79.49	16.28	25.00	120.77
	1,223.15				
" " " 11	80.49	80.49	15.28	25.00	120.77
	1,142.66				
" " " 12	81.49	81.49	14.28	25.00	120.77
	1,061.17				
" " " 13	82.51	82.51	13.26	25.00	120.77
	978.66				
" " " 14	83.54	83.54	12.23	25.00	120.77
	895.12				
" " " 15	84.59	84.59	11.18	25.00	120.77
	810.53				
" " " 16	85.64	85.64	10.13	25.00	120.77
	724.89				
" " " 17	86.72	86.72	9.05	25.00	120.77
	638.17				
" " " 18	87.80	87.80	7.97	25.00	120.77
	550.37				
" " " 19	88.90	88.90	6.87	25.00	120.77
	461.47				
" " " 20	90.01	90.01	5.76	25.00	120.77
	371.46				
" " " 21	91.13	91.13	4.64	25.00	120.77
	280.33				
" " " 22	92.27	92.27	3.50	25.00	120.77
	188.06				
" " " 23	93.43	93.43	2.34	25.00	120.77
	94.63				
" " " 24	94.63	94.63	1.14	25.00	120.77
		2,000.00	298.48	600.00	2,898.48

هكذا من الأصل

THE BIGGEST FLEET ON DRY LAND.

Look at the cars and vans in the picture and you'll notice two things. Not only are there twenty of them, but every one is different.

Not just in their number of doors and badges, or the presence or absence of a cigar lighter. (Although the BL Cars range includes a comprehensive choice of body, engine and trim options. Every vehicle is a range in itself.)

From Mini to Daimler, Sherpa Van to Triumph TR7, Land Rover to Jaguar, no other car manufacturer gives you such a choice.

And the wider the choice, the more likely you are to find the right vehicle for every employee. You can reward your best Salesman with a better car, without upsetting the Sales Manager.

THE ADVANTAGES OF COMING FROM A COMMON BACKGROUND.

Life is much easier for Fleet Managers when the whole fleet comes from one manufacturer. When you send vehicles to the dealer for servicing, you'll only have to deal with one. And a BL Cars dealer won't be far away; we have over 2,000 of them all over the country.

Spares too, are plentiful and competitively priced. (Import duties from Birmingham, Coventry and Oxford are still very low.)

CHOOSE OUR CARS FOR A FEATURE YOU MAY NEVER USE.

When you choose your fleet, look not just for reliability but also for a watertight guarantee to back it up.

Supercover is one of the most comprehensive warranty programmes offered by any vehicle manufacturer. It includes a thorough 69-point pre-delivery check; unlimited mileage, parts and labour warranty for 12 months (24 months at low extra cost); free 24 hour on-the-spot road-side assistance from the AA, and free AA Relay recovery service.

You may never need to use Supercover. But you'll feel a great deal better when you know it's there.

CARS WITH LOWER RUNNING COSTS, EVEN BEFORE YOU RUN THEM.

Our cars save you money whichever way you look. For a start, most of them cost less in the first place. Compare them with their rivals, and see for yourself. What's more, inexpensive parts mean low insurance groupings – another saving which mounts up when you buy a fleet.

Even the staff who run the cars can save money. The Princess and Marina, for example, with the smooth, powerful new 1700cc 'O' Series engine, are a step up in performance and prestige from the average 1.6 litre car. Yet they remain firmly within the inexpensive 1301-1800cc personal tax allowance class.

WOULD YOU BE BETTER OFF LEASING OUR CARS?

More and more companies are recognising the cash-flow advantages of leasing. BL Cars' Leasing Maintenance Package is a totally flexible fleet lease contract which can be tailored to the needs of every operator. The Leasing Maintenance Package eliminates capital investment, brings significant tax advantages, saves valuable administration time and simplifies budgeting. It's available through every BL Cars dealer, or direct from BL Finance Ltd.

FREE ADVICE.

For free advice on leasing and any other aspect of fleet operation, contact your local BL Cars dealer. Or telephone our Fleet Sales Department on Redditch (0527) 64274 Ext. 265. No-one's going to buy a fleet without making a thorough inspection.

Austin Morris Jaguar Rover Triumph

THE BIGGEST FLEET ON DRY LAND.

FLEET MANAGEMENT IV

Manufacturers are more hopeful

COMMERCIAL VEHICLE manufacturers entered 1979 convinced that after last year's big jump in sales they could expect a steep decline in demand in Britain. While most of Continental Europe suffered static conditions, and in some cases something of a recession, British registrations of commercial vehicles were boosted by 13.8 per cent to 256,285, according to figures collected by the Society of Motor Manufacturers and Traders.

As the results of the first quarter trading have emerged, however, the manufacturers bave changed their minds. Registrations over the three months at 71,468 are 15 per cent ahead of the same period a year before. The manufacturers have been looking at their order books, talking to their dealers and concluding that there will not be such a big downturn after all.

Take the beavy end of the market for example. Cummins, a leading supplier of truck engines from its UK plants, now believes that total sales in Britain of articulated tractor units could reach 14,000 in 1979 against its January forecast of only 13,000. Cummins is particularly interested in the performance of the market for artics because its percentage share of those registered by UK manufacturers is steadily increasing—it was up from 35 to 36.7 per cent in 1978.

If Cummins' estimate proves correct—and many other people in the business, including Bedford, believe it will be—there would still be a fall of some significance from the 14,800 artics registered in 1978. But in general terms 1979 would be a very good one for manufacturers at the 14,000 sales level.

Registrations

Cummins, by the way, believes it can go on doing better in the UK partly because it will build up its own share of the business available from local manufacturers and partly because British manufacturers will win back some of the market share lost to importers.

Last year imported vehicles took 21.7 per cent of the total commercial vehicle registrations compared with only 16.5 per cent in 1977. In the first quarter, however, the importers' penetration was down to 20.57 per cent against 21.62 per cent.

One of the problems in 1978 was that British vehicles were in short supply. Industrial disputes at Leyland Vehicles' plant at Bathgate in Scotland cost the group 9 000 "lost" vehicles last year and in all disputes cost the company 11.000 units valued at about £120m. And the nine-week shutdown by all the Ford plants last autumn also had considerable impact on UK production of commercials.

Output fell from 398 300 in 1977 to 384 500, down 3 5 per cent at a time of buoyant demand.

If the level of imports is to be pushed back in future, much will depend on the performance of Leyland Vehicles, the truck and bus division of BL.

An analysis of what has happened in the truck market (over 3.5 tons gross weight) by Leyland Vehicles itself indicates that in 1973 the combined sales of UK truck manufacturers, excluding Leyland, was 62.4 per cent. By 1978 that figure was 62.9 per cent, slightly better than five years before.

In the meantime, Leyland's 1973 30.1 per cent share of the market had plumeted to 19.3 per cent (1978 was the company's worst-ever year) while importers' penetration bad jumped from 7.5 per cent to 17.8 per cent. "The importers' increases were made entirely at our expense," Leyland commented.

The company reckons that poor supply of its vehicles had most to do with this drop in sales—"without trucks, you can't sell them"—although reliability, styling, resale value, and performance were factors which played some part.

Ford took market leadership in the UK from Leyland in 1977 and held on to it last year. During much of that time, apart from when the autumn dispute last year took effect, Ford's stock levels were about twice those of Leyland. "Ford's consistent supply situation enabled it to take advantage of every upturn in the market and back every sales campaign with good stock levels," Leyland maintains.

On the production side, the year started badly for Leyland because of the hauliers' dispute—a problem for other UK manufacturers, too. But the following months were good ones and in the second half of the year there is a good chance that Leyland will put its "stock shortages mean lost sales" theory to practical test. It should have the trucks available as long as people want to buy them.

Leyland is spending heavily to catch up for past hesitations. A new £33m technical centre is going up at Moss Side, near Leyland, Lancs. A £17m modernisation scheme bas started at the parts division at Chorley, Lancs., and a further £31m is being spent on a new assembly hall at Leyland, Lancs.

Last year Leyland's capital spending reached £40m and this year it will be about £50m—or roughly 10 per cent of sales.

However, although these various projects bave been in the pipeline for some time, it will be late summer at the earliest before we see important new trucks from Leyland. The company's range of trucks from 16 tons to 44 tons—designated the T45 range—will then be progressively introduced at an average rate of one every three months for the next 3½ years. First to reach the market will be the low-volume, very-heavy trucks and the initial high-volume vehicles will not be seen until the end of 1980.

Another truck range, code-named T43, for overseas markets only will be launched in the autumn.

Meanwhile, Leyland's main rivals are not standing still. Ford, for one, has made it quite clear that it believes trucks are as important as cars. It will be spending £400m on its commercial vehicle business in Europe over the next five years and half of this will be spent in Britain.

Almost certainly there will be a large-scale expansion of Ford's plant near Slough to cope with increased production of the middle-weight D-series trucks, along with a complete revamp of the successful Transit van.

There are many unanswered questions about the long-term future of Bedford, General Motors' UK truck-making subsidiary, and of Chrysler UK's commercial vehicle interests. That is not to imply that there are problems ahead. It is simply that so far, General Motors and PSA Peugeot, Chrysler's new owner, have not provided much in the way of information.

What we do know, however, is that Bedford in the UK will be responsible for the design and development of commercial vehicles and Opel in West Germany will be responsible for cars, because that is the way General Motors has split its European business (it also owns Vauxhall in the UK).

Bedford may be making changes to its long-serving TK truck range in the near future having almost completed the introduction of the heavier TM.

The future of Chrysler UK should be much more secure as part of the PSA Peugeot group because its former American parent was particularly strapped for cash.

Models

Chrysler's Dodge 300 series range of trucks will become one of the most comprehensive on the market with the progressive introduction from June this year of three new models and two new engine options. As a result, the 300 series will offer trucks from 16 to 32 tons in the UK with the top model capable of going up to 38 tons in Europe.

Also around the middle of this year Dodge will launch its 50 range, as it promised the UK Government at the time of the financial rescue operation some two years ago. The 50 range will replace the walk-through van and the Bantam vehicles—trucks from 3.5 to 6.5 tons gross.

Among Britain's smaller companies, ERF is planning to double output, currently about 3,500 trucks a year, steadily over the next five years with a £10m investment programme. The group has made it clear it aims to sell the majority of its trucks in the home market and do its bit for the balance of payments by way of import substitution rather than going for exports on which little profit is to be made.

And there bas been a remarkable change at Seddon Atkison since International Harvester, the U.S. group which bought the company in 1974, injected management and investment.

Last year 3,825 Seddon trucks were registered in the UK compared with 3,082 the previous year, a rise of more than 9 per cent, while output was up 60 per cent from an average of only 63 a week in 1977 to [illegible] last year—showing that Seddon, like Leyland, has confidence that if it can supply the trucks the market will buy them.

Kenneth Gooding

Company cars dominate

BRITAIN PROVIDES very fertile ground for the development of the company car as a perk. It combines a personal tax system which has high marginal rates with a class and status-conscious society.

As a result it is now estimated that about two thirds of all new cars registered in the UK are company cars. With new car registrations running at about 1.6m a year, this suggests that more than 1m company cars are purchased every 12 months.

Take a conservative current average of £3,500 for each car and that implies companies will spend £3.5bn this year on passenger vehicles. That is more than 2 per cent of the country's GDP.

And that is just to buy the cars. Companies and their cars are the major users of fuels, oils, tyres and services and so the impact on the UK economy of the company car and its driver is enormous.

There are several categories of car ownership which must be defined as company cars. They are:

- Cars bought (or leased) by companies, or administrative bodies, and supplied to employees for their own use, on both company business and personal activities—i.e. the fleet cars.
- Cars bought by proprietors of small businesses, with the costs offset as part of the costs of their business.
- Cars bought by individual employees of administrative bodies or companies on an assisted loan repaid at less than true interest rates.
- Cars bought at discount price by employees of car manufacturers.

In 1960 only 22 per cent of total new car purchases in the UK were company cars. By 1975 the level had risen to 56 per cent. The spurt to 66 per cent in recent years has been given a push by an incomes policy which bas held back increases in the cash additions to employees' pay.

Any Government which tampers with the system would do so at its peril. For example, where would BL (British Leyland) be today without all those fleet managers determined to buy British no matter what?

However, there are very good reasons, in terms of social justice, why the system should be changed.

As most UK citizens are taxpayers and company cars attract tax relief, it can be argued that almost everyone in the country contributes towards company cars. But only the middle-class, higher-income groups actually enjoy their use.

Therefore the lower-income groups are effectively subsidising car ownership among the richer members of the community.

The same group — poorer working households and pensioners — are also those who suffer most from the problems of being carless in a car-oriented society. Facilities are becoming less easy to reach other than by car at the same time as the means of reaching them other than by car are being withdrawn.

The Conservation Society in a recent pamphlet summed up like this: "The company car system is highly inequitable. It is probably emphasising and maintaining social divisiveness and doing so in a manner that is insidious because it is not obvious. It is leading to efficiencies in uses of resources, notably fuel.

There have been suggestions that a Labour Government with a solid majority might attempt to reverse the trend by removing the tax allowance on company cars. But have things already gone too far?

Mrs. Helen Murlis, an adviser to the British Institute of Management, suggested recently that "it is almost always difficult to reduce the size or quality of the company car even where rapidly-rising car prices make this necessary.

"Many managers feel sure that their neighbours will wonder just what has happened if their new car does not carry the same status implications as the last one when it appears in their drive for the first time. Even if they are not worried about their own status, they may feel that it looks as though the company is not doing so well."

Important

The company car has become so important to the car makers that much of the British motor industry is geared to the company car market and model ranges are designed as much to correlate company status hierarchies as they are to the needs of different kinds of private motorist.

Some people believe that new car prices would not have shot up so fast in recent years had those prices met resistance from consumers with declining disposable income. Corporations tend to offer less resistance to price increases, especially if they are at the same time offered incentives such as loyalty bonuses and slightly higher discounts.

Most companies get a 12½ to 13½ per cent discount on list prices, according to a recent survey by Company Secretary's Review magazine. But those with large fleets can claim discounts of 14½ to 20 per cent. Any car manufacturer who knows that a very high percentage of a particular model range will be sold at a large discount would be bound to take that into account when setting the list price.

The same survey of company car schemes suggested that salesmen choose Ford cars and directors prefer BL. Ford dominated with 63 per cent of the salesmen's cars among the 856 companies surveyed towards the end of 1978. Chrysler was in second place, its Avenger having a 15 per cent share. The Marina accounted for the major part of BL's 12 per cent.

BL accounted for 36 per cent of company "executive" cars but Ford managed a respectable 32 per cent. In fact, the Ford Granada was the top individual model in this sector with the Rover 3500 in second spot. (It was not in such free supply in those days, however).

Foreign cars that is, from traditional importers and not "captive" imports like the Granada from West Germany) are comparatively rare but they are chosen frequently when a director is able to pick his own model within price or engine-size limits. German makes are the most popular—Mercedes, Audi, BMW—as well as Sweden's Volvo.

Company cars are a substantial inducement in the management recruitment market. Hardly any manager will change a job where he gets a car for a "non-car" job unless the accompanying salary increase is very substantial indeed.

The British Institute of Management team, which has been monitoring the phenomenon for four years and next month will publish its "Business Cars" survey, says a car can be worth between £1,500 and £2,000 a year to an employee if depreciation, tax, insurance and maintenance are taken to account.

A preview of the institute's results, in Reward magazine, said: "If an executive moves to a job where he will get a car for the first time, the company is effectively giving him either a tax-free bonus of whatever he gets for the car he owned or the use of a second car for his wife and family.

"In either case is a material improvement in his standard of living. It is little wonder that the business car is such a sought after benefit."

However, the BIM research showed that for the majority of companies that provide cars, allocation can be a contentious issue.

"Many companies complain that they waste an inordinate amount of top management time wrangling over the borderlines of allocation policy and the make, type and even the colour of car finally provided. One thing is certain: there is a direct relationship between a manager's place in the company hierarchy and the right to a company car," the review says.

The 1979 BIM survey shows that the incidence of loans for car purchase has increased slightly over the past two years. About 19 per cent of companies give loans to managers, mainly on an interest-free basis or at a nominal interest rate.

Advantage

The main advantage of loan schemes is that they allow companies to make sure that employees drive suitable cars for what may be occasional business use without the administrative cost of adding to the car fleet. This has led several large companies to use loans as their main method of providing executives with cars.

The preview maintains that in the current climate it is hard to see the growth in company car entitlements slowing down.

"Current taxation and incomes policy have favoured the expansion of the company car market and the demand for cars from managers as yet without them shows no signs of decline. There has been substantial growth in the number and size of operation of finance and leasing companies, in dealer networks and other support systems designed to service the company car fleet.

"All of these are anxious to develop their market and extend businesses which may, in itself, help sustain current growth levels.

"Whether the development is desirable or whether companies should be able, as they are in Europe and the U.S., to pay salaries which allow the individual manager to finance a reasonable car of his own is a subject which has yet to get the full discussion it may deserve."

Survey into Company Car Schemes. £5 from Company Secretary's Review, 102 High St., Croydon, Surrey CRO 1ND.

Kenneth Gooding

EEC membership a mixed blessing

BRITAIN'S MEMBERSHIP of the European Community has so far been a decidedly mixed blessing for vehicle fleet operators. Cross-Channel journeys by road freight vehicles have continued to grow apace, reflecting the further growth in British manufacturing trade with the Continental members of the Community—a process which set in well before British entry.

On the other hand, the successive rounds of reductions in the maximum driving hours for lorry drivers, which the industry is now experiencing, are a direct consequence of the Community's common transport rules. A further uncertain addition to costs lies ahead following the European Court's ruling against the British Government on tachographs.

On a longer perspective of British membership, however, these are yet early days. Shorter driving hours and the compulsory fitting and operation of tachographs were the two major decisions the Six had been able to agree in the field of road transport before Britain joined the Club.

Negotiations

They could have been raised as issues during the negotiations on British entry or during the subsequent "renegotiations" in 1975. But, despite pressure from the industry, neither the Conservative Government in 1971-72 nor the Labour Government in 1974-75 chose to give these issues priority, or even to put them on the agenda at all. They were, implicitly, accepted as part of the price of membership—of joining the Club some one and a half decades after the original members had first set about drawing up its rules.

The position could, moreover, have been considerably worse. Transport was given, with agriculture, a special status in the Treaty of Rome as one of the "foundations" of the Community. A separate section of the Treaty was devoted to laying down the framework for the adoption of a common transport policy. Indeed, Article 3 of the Treaty which defines certain specific activities of the Community mentions only three common policies—agriculture, external commerce, and transport.

But for a variety of reasons the Six never managed to get very far in hammering out an agreed common transport policy. Compared with agricultural policy their achievements in the area of transport were *minimal*.

Perhaps this was just as well. The dominant characteristic of national transport policies among the Six was dirigisme, in sharp contrast to the more liberal or market-orientated flavour of transport policy in the UK (and it should be said, the Netherlands). Capacity and tariffs in West German and French road haulage are closely controlled partly in order to protect the state-owned railways, partly in the belief that road haulage is "inherently unstable"—and partly because of pressure from established hauliers who know when they are on to a good thing.

It could be argued that this tradition help to explain why so limited progress had been made towards evolving a common transport policy. Dirigiste policies are much harder to harmonise than policies based upon a more open market approach. (The reduction in drivers' hours agreed by the Six was motivated mainly by road safety and conditions-of-employment considerations, while tachographs were seen as a way of enforcing the harmonised rules on driving hours.)

In the longer run, however, a more liberal approach could prevail. Harmonisation of the detailed, bureaucratic kind which has been so characteristic of the Community in the past forfeits, rather than gains, political sympathy. It is highly questionable whether much of it is really necessary in the field of road transport.

It does not need an elaborate cost-benefit study to question whether intra-Community competition will be significantly distorted if a road haulier transporting materials and components to a factory in country A operates under a different set of operating rules than the haulier serving a rival factory in country B. What is more important is to ensure that cross-frontier movement in road freight is opened up to as much competition as cross-frontier trade in goods and other services.

Indeed, this was precisely the thrust of the new direction to discussions of the objectives of a common transport policy which the European Commission endeavoured to give, in 1973-75. The first objective, the Commission in effect suggested, must be progressively to liberalise intra-Community road freight movement and then see what measures of harmonisation of national transport policies were really essential.

In both areas the long term aim ought to be to let competitive forces decide the pattern of services (in other words, give priority to the interests of the users). In order to ensure that the competition was fair, vehicle and fuel taxes should be set in such a way as to require road users to bear the full costs of the infrastructure they use (including external costs such as noise, pollution, and such like).

These were highly ambitious aims and the chances of the Commission winning the argument could never be regarded as high. Instead, however, of seizing the opportunity offered by the Commission's initiative, Britain—which had much to gain from the Commission's approach—forfeited goodwill by its dog-in-the-manger attitude to the more immediate issues of drivers' hours and tachographs (the adoption of which was inevitable once the pre-1973 accession negotiations and the 1974-75 re-negotiations had been concluded).

Implementation of the EEC common driving hours for lorries of more than 3½ gross metric tons weight and buses and coaches plying routes of more than 50 kilometres is now under way. It now seems unlikely that the U.K. will win the concessions and exemptions for certain industrial and geographical circumstances which it had been hoped to achieve when the three-year phase-in period was agreed.

The next round of reduced hours is due to take effect on July 1. Lorry drivers will then be limited to a 4½ hour (instead of 5 hour) continuous driving period, a 9 hour (instead of 9½ hour) driving day, and weekly and fortnightly maximum driving period limits of 54 hours (57 hours) and 106 hours (112 hours) respectively.

By January 1981, these limits will have been further reduced to 4 driving hours between rest breaks, 9 driving hours a day, 48 driving hours a week, and 92 driving hours a fortnight.

For coach and bus drivers, the next reduction will come in October 1 this year, when their maximum permitted driving hours will be cut to the limits applying to lorry drivers from July 1. The final reduction for coach and bus drivers will be the same as for lorry drivers—on January 1 1981.

In the case of tachographs, the details have still to be decided. Considering the size of the UK haulage and coach fleets—together, they are one of the largest in the whole Community—a fairly long-drawn out phasing-in period will be essential.

The problem is not so much new vehicles (tachographs have been fitted to new vehicles for some time), nor those which are used on cross-Channel journeys (the fitting and operation of tachographs is already a legal requirement in the Six), but the large number of existing vehicles on the road.

Other issues the industry wants the Government to take up include the possibility of exempting vehicles for which tachographs can hardly be considered to be relevant, the scope for easing the calibration and sealing requirements, and the position of vehicles equipped with non-EEC approved tachographs.

The whole operation will involve operators in considerable expense, even before allowing for the seemingly intractable problem of winning the unions' and drivers' acquiescence. The Government's own estimates, as given to the Foster committee, were £100m initially and £40m annually.

Lorry operators' ability to offset these cost increases would be greatly helped if the Government were to move on the question of lorry weights and sizes. This is another issue of Community harmonisation which has been bogged down by UK intransigence.

The problem has been mainly political. The critical factor in the extent to which heavy lorries damage road surfaces (and possibly the services buried under the roads) is axle weights. The latest Commission attempt to find an acceptable compromise between the present UK maximum all-up weight of 32 imperial tons and the Netherland's 50 metric tons, while holding close to the UK axle weight limit of 10 tons, envisaged a maximum gross weight of 44 metric tons (to allow ISO standard 40 ft containers to be carried fully loaded, which they cannot in the UK at present) and axle limits generally around the 10 metric ton mark with a limit for certain articulated vehicles of 11 metric tons.

This compromise would mean a substantial reduction in payload for the operators of certain vehicles which are popular on the Continent, while permitting UK operators to carry bigger payloads in vehicles with the same physical dimensions as many already on the roads. UK truck manufacturers would also have a lot to gain from common EEC standards.

But so far the UK Government has not budged. Despite the recent leaking of the internal Departmental paper advocating a committee of inquiry as the best way forward, and the misinterpretation of this initiative by the anti-lorry lobby, the setting up of such an inquiry would seem to have much to commend it. A dispassionate assessment of the cost and benefits of increased lorry weights (including the choice between more smaller lorries or fewer heavier lorries as road freight movement grows) might help to clear away much of the emotion which clouds this issue.

Colin Jones

Industry's fragmented structure

THE TRADITIONAL view of road haulage is of an industry consisting mostly of small firms. Its fragmented structure is said to be both its strength and its weakness.

Strength lies in the fact that businesses operating on a relatively small scale are far more responsive to changing circumstances and demands.

This is why the relatively few large groups in the industry are operated as decentralised congeries of semi-autonomous businesses with responsibilities delegated well down the line. Neither the State-owned National Freight Corporation, the largest road freight transport group, nor the Transport Development Group, the largest haulage operation in the private sector of the industry, have a substantial slice of the business.

The NFC, with some 20,000 trucks, 13,000 trailers, and 35,000 staff, claims to supply less than a tenth of the total public haulage market and barely a twentieth of the total UK inland freight movement market.

The weakness of a fragmented structure is said to be the industry's inherent instability. Entry is too easy—an ability to drive and the down payment on a hire purchase contract, plus an "O" or operator's licence, is all that is said to be needed. Haulage rates are too competitive; rate-cutting is rife even in boom times, let alone at times of recession.

Complex

As with most such generalisations, the truth is rather more complex. Entry has become progressively less easy and cheap as a result of the increasingly complex and expensive requirements for new haulage licences.

Instability and rate-cutting may have been rife in the 1920s when the legend to that effect was born, but the industry has weathered the post-1973 trade recession in remarkably good order with proportionately no more casualties than other service activities.

Own account operators (firms which operate goods vehicles in order to carry their own goods) were given the freedom to operate as public hauliers and ply for other firm's traffic in 1969. Yet the available evidence suggests that they have made relatively little use of this freedom.

Above all, the industry is far less fragmented than is commonly supposed. Some 25,000 of the 46,000 or so hauliers in the industry may own only one vehicle and another 14,000 or so may own between two and five vehicles. But the 100 or so operators with more than 100 vehicles have some 11 per cent of the industry's total capacity. The 1,500 odd with 21 or more vehicles (that is, around 3 per cent of the total number of operators) control 40 per cent of the total capacity.

The trend of the past 15-20 years towards larger payload vehicles has made the industry considerably less deconcentrated than formerly. It has also helped to contain the total number of lorries on the roads. Despite a 30 per cent increase in the volume of goods traffic moved by road in the past 10 years (as measured by ton-miles—that is, weight times distance), the number of lorries (excluding vans) on the roads is 10 per cent less than a decade ago.

At the same time, the market for road freight services has become more and more segmented and specialised. The layman may imagine that one haulage service is like any other haulage service, just as a can of beans or even a motor car is virtually the same as any other. Yet in practice haulage services are increasingly heterogeneous, differentiated by route, area, load, frequency, and the standard and type of service required.

At one end of the spectrum, one can find tipping work and the movement of aggregate or other building materials to a variety of sites dotted all over the country. At the other end, there are highly sophisticated haulage and distribution services such as the movement of power station boilers and other "abnormal indivisible loads," dangerous liquids and explosives, fashion goods, household and industrial waste, refrigerated foodstuffs, maritime containers, and newly-manufactured cars.

The type of service varies enormously. Goods in transit tie up working capital. The distribution of branded consumer goods to supermarket, out-of-town shopping centre, cash and carry warehouse, or mail order depot involves a whole range of specialised needs.

Tendencies

All these factors—product differentiation in size of payload, type of vehicle, and the standard of service demanded and supplied—have made the road haulage industry considerably more concentrated than the bare statistics might suggest. Similar tendencies are evident in other industrial countries irrespective of whether the State pursues a dirigiste or a liberal, market orientated approach to road transport regulation.

The growing specialisation, indeed professionalisation, of haulage services has been accompanied by a progressive tightening of the statutory conditions of entry. The modern haulier has to demonstrate—and to continue to demonstrate—that he can undertake the proper maintenance of his vehicles. He is expected to observe increasingly demanding rules governing the operation, loading and driving of his vehicles. He has to have adequate financial resources. And if he is to remain in business he has to be able to secure maximum efficiency from his fleet despite the growing web of traffic, access, waiting, and route restrictions.

The "cowboy" operator, who flouts all the rules, may attract the publicity and give the industry a bad image. But, if the Foster committee's recommendations for tougher enforcement are adopted, the illegal operator should find conditions considerably less easy.

This does not mean that competition has been attenuated. The pressures of the past few years of recession demonstrate that. But the road haulage industry is somewhat less fragmented than is commonly supposed. The intensity of competition varies from one sector, and from one area, to another. The mobility of road transport services, and the relative ease of entry despite the tougher standards required of today's haulier, should ensure that users continue to have a wide choice of rival services.

Colin Jones

Transport policy

OVER A long period of years the demand for freight transport will be influenced by changes in the location of factories, warehouses, shops, and homes and by the growth or decline of industries which generate above-average demands for transport. But, these influences apart, the growth in freight transport will tend to move broadly in line with the growth in national income.

Some countries are more intensive users of freight transport than others: the United States is one example with its large geographical spread. But, though the correlation between freight movement and GNP may differ between one country and another, it usually remains remarkably constant for any one country over time.

Britain is no exception. In the ten years to 1976, freight movement increased by an average of about 1.3 per cent a year. This in terms of tonne-kilometres, the conventional measure of freight movement which combines both the weight of the freight moved (tonnes) and the distance (kilometres). As one would expect, the rate of increase was rather faster in the periods when the economy was expanding and rather slower in the years of recession.

But, while the total market has grown, the fortunes of the different modes of transport have sharply varied. Road transport's share has continued to grow—and, within the road sector, the share of the public haulier has risen while that of the company fleet (the "own-account carrier") has not, at least since the end of the 1960s.

Pipeline traffic has also grown faster than the market generally. On the other hand, freight movement by rail, coastal shipping, waterways, and—in most years—domestic air cargo services has fallen both in relative and in absolute terms.

The overall picture can, however, mislead. Freight transport is not just one market. It is an extremely heterogeneous collection of widely differing markets. Within the road haulage sector, for example, the specialised services now offered range from the highly localised movement of construction materials and tipping of building aggregate to the highly sophisticated distribution of refrigerated foodstuffs, fashion clothing, and branded consumer goods. Product differentiation in freight services is both geographical and functional.

Differentiation has also been increasing, in the sense that the services offered by the different modes of transport—and the different types of road carrier—have tended to become more specialised and so, to some extent, more complementary.

Manning

In the years since Beeching (and the abolition of the old Victorian statutory restrictions upon their charges policies), the railways have tended to concentrate more and more upon coal and steel traffic and the bulk flows of rail-loadable merchandise travelling in train-load quantities between the main population centres and private industrial sidings. They could go still further in this latter direction, given the abandonment of the last vestiges of a common carrier tradition and improved manning practices.

Coastal shipping remains an important carrier of particular flows of bulk commodities, such as oil products and coal to coastal and estuarial power stations and distribution terminals and the movement of china clay from Cornwall. It still accounts for over 2 per cent by weight and almost 15 per cent by tonne-kilometres of the freight moved each year, including traffic to and from Northern Ireland. The main coastwise shipping movements are to be found on the Tees, Thames, Mersey, Humber and Milford Haven.

Inland waterway freight movement is similarly related to port traffic. Indeed, canal traffic nowadays consists virtually entirely of short distance hauls by water from the four main estuaries (Thames, Humber, Mersey and Severn) to inland terminals. Domestic air freight services largely concentrate on the longer distance movement of cargo and mail. Pipeline traffic consists entirely of crude oil and refined products. The 3,000 kilometres of pipeline now in operation carry about a third of all the oil moved in Britain.

The growth of inter-modal specialisation and the increasingly specialised nature of the services offered by road carriers have not reduced competition between freight carriers. Competition may have become more diverse, but it has not become any less intense, as the returns achieved by transport carriers indicate.

When road freight transport emerged as a serious competitor to the railways after the First World War, the initial reaction by the policy-makers was to impose restrictions upon the growth of road haulage capacity. This was based partly on a belief in the "inherent instability" of road haulage following the experiences of the 1920s and partly on a desire to protect the railways, then still heavily saddled with common carrier obligations and an uncompetitive statutory rates structure.

The attempt failed, partly because the growth of own-account transport was left unrestricted and partly because the rise of road transport and the decline of rail freight traffic owed as much to the emergence of new, predominantly road-based industries, like light engineering and consumer products, and the decline or relocation of older, largely rail-based industries like coal and steel as they did to competition between road and rail services. The changes in retail and wholesale distribution brought about in the last 25 years by the marketing of high-volume branded consumer products through supermarkets, self-service stores, and cash-and-carry warehouses has helped to tilt the road-rail balance further still in favour of road transport.

Transport policy has accordingly been moved in the direction of promoting fair competition between and within modes. Twenty years ago the railways were freed from restrictions upon their pricing, and ten years ago road carriers were freed from capacity controls. Provided carriers in each mode paid their full share of the costs they incur—and provided certain standards of safety and avoidance of public nuisance were maintained—the pattern of freight services was to be left to the interplay of competition.

The principle, which was reaffirmed in the transport policy White Paper issued by the present Government two years ago, is admirable. But its practical application is fraught with difficulty.

For example, it seems only sensible to us—as is now the case—the vehicle excise and fuel duties as a surrogate price for the use of the road system so as to ensure that road carriers (and private cars) bear no less than their full share of the costs they impose on public funds—in other words, to ensure that road carriers pay their, share of track costs just as the railways do.

But the road carrier—and the coastal shipper and air carrier—will argue in return that, even though the rail freight operating grant has been phased out, the rail carrier does not cover his full costs. The capital invested in the rail system has been largely written off: in any case BR's freight business is charged with covering, not the full costs but merely its "avoidable costs"—that is the marginal cost of running freight services over a predominantly (and primarily) rail passenger system.

Moreover, what costs should be included in the charge on the road carrier? The direct costs of building, maintaining, policing, and lighting the roads certainly: but what about the social costs of congestion, noise, pollution and vibration?

In the 1977 White Paper the Government took the view that, since congestion costs are imposed by road users upon road users, they should be ignored; and that the problems of noise, pollution, and vibration are best tackled directly by a progressive improvement in the standards of vehicle design, operation, and maintenance.

C.J.

INLAND FREIGHT TRANSPORT

(Thousand million tonne-kilometres)

	1966		1976		Annual % Change
	T/K	%	T/K	%	
Road	73.3	58.8	95.6	67.3	+2.7
Rail	24.2	19.4	23.1	16.3	−0.5
Coastal Shipping (1)	25.3	20.3	20.0	14.1	−2.3
Waterways (2)	0.2	0.2	0.1	0.1	−9.0
Pipeline	1.6	1.3	3.2	2.3	+7.3
Air	0.03	—	0.02	—	[illegible]
	124.5	100	142.0	100	+1.3

(1) Including traffic to/from N. Ireland.

(2) On British Waterways Board waterways only.

Source: Transport Statistics, Great Britain: 1966-76. HMSO.

Training emphasis

IT HAS often been said that former lorry drivers make the best transport managers. There could still be some truth in this remark. But managing a transport fleet has become an increasingly complex task, calling for a progressively wider range of knowledge, skill, and experience.

The laws governing the operation, maintenance, and construction of road freight vehicles have become more elaborate and the penalties for infringement more onerous. A further tightening up of enforcement procedures has been foreshadowed by the recent Foster report. The laws governing employment apply to transport operations as much as to any other business. The web of traffic regulations, route prohibitions, loading and unloading restrictions and the latest reductions in drivers' hours have made route planning and operating schedules a yet more complex task. And the problems of costing and financial control have become no easier.

Nor is this all. For the industrial firm operating its own road transport fleet, there is the broader task of distribution management in addition to the narrower function of managing the fleet itself. Up to a certain level of size of firm, the two tasks may well be combined in the same post.

The transport manager will thus have to be able to assess the freight services available, both road and rail, in the light of the changing requirements of the manager's own company. Patterns of operation, the siting of distribution points, stock levels, and turnround times, need regular review in the light of marketing changes if opportunities for cost saving and service improvement are not to be missed.

The same holds true for the professional haulier who seeks to keep abreast of his customers' needs and the rival services available to them. More and more of the larger firms are offering "package deal" distribution services embracing stock control, invoicing, and so forth.

All the time, moreover, the market for road freight services is becoming more specialised and heterogenous, calling for specially designed and fitted vehicles, substantial financial investment, and specially negotiated contract terms and tariffs.

In short, transport fleet management has become increasingly professional, a development which has been recognised by the growing range of professional and vocational training facilities.

The final step in the public recognition of a "profession" has traditionally been the introduction of a rule requiring all practitioners to be members of a certain professional body to whose ranks access is provided on the basis of qualification by examination. This culminating step towards professional status is now in proces of being achieved by transport managers—as a result, it should be said, of an EEC initiative.

The EEC directive which has brought about this development should be seen in the context of the Commission's attempt to gradually switch the emphasis of EEC road transport policy away from quantitative controls towards a form of control which encourages competition on the basis of certain minimum standards of quality of performance. New entrants to the "profession" of public haulier have to show that they are of good repute, that they are able to command sufficient financial resources, and that they are professionally competent.

In Britain, this directive required only an elaboration of the system of operators' licensing which has obtained since 1969. To obtain an "O" or operator's licence, an applicant had already to demonstrate good repute (a matter on which convictions for traffic and other road transport—and non-transport—offences was relevant); that they had sufficient financial resources and certain other requirements — including a suitable operating centre, satisfactory facilities for maintaining their vehicles, complying with the drivers' hours rules, and securing that their vehicles were not overloaded; and that they were professionally competent.

Qualification

To conform with the EEC directive, a new form of qualification was introduced to demonstrate professional competence. Operators had either to hold such a certificate themselves or employ one or more managers who did. The UK operators' licence applied equally, however, to public hauliers and own-account operators of lorries (that is, firms who operated lorries to carry their own goods), while the EEC directive was concerned only with public hauliers.

A statutory distinction had thus to be re-created between the two kinds of operator in this country. Hauliers seeking to carry other firms' goods now need a standard licence, while own-account operators require a restricted licence. The transport managers requirement applies only in the case of the standard licence. A further distinction has been made between the certificates of professional competence required to operate a vehicle within this country and those required for operators of international services, for which additional professional requirements are needed.

Existing operators at the end of 1974 were able to obtain certificates of professional competence as of right under a "grandfather rights" provision. Those who have entered the profession since the end of 1974 have had to be either qualified members of certain professional bodies or to have passed examinations set by the Royal Society of Arts covering such subjects as the laws and regulations governing road transport operations, the commercial and financial management of a business, and—for international operations—the formalities and procedures governing the management of cross-frontier road haulage.

C.J.

Tax advantages in the UK...

as the leasing industry wish to play it down, the lf not the beginning and f leasing in the UK is n. This is not to say that s of other related factors not influenced the quite dinary growth of the in- over the past few years, ive and enterprising nship, the facility for off -sheet finance which offers, and the certainty d by leasing contracts, obably among the most ant of these features.

starting point in the dis- must be corporation tax, is said to be levied at the f 52 per cent on com- taxable profits. How- his does not mean that companies actually pay tion tax at that rate— reasons. First, companies owed complete tax relief purchases of capital ent in the year of pur- with the exception of vehicles, where a 25 per duction applies; in addi- here is a relief for the of increases in stocks e year to the next. This ation of 100 per cent allowances and stock s sometimes said to mean companies are taxed, , on their "real" profits pposed to the inflated thrown up by traditional cost accounts.

wo reliefs certainly mean mpanies have a choice aying taxation. By in- g stocks at the year end, pending more on capital ent, it is possible to defer ls—in theory for ever. the phenomenon which ulted in corporation tax lescribed as "a volun- t."

what happens when a y has got itself into a where it has tax losses, thanks to stock relief? has no further incentive advantage of the two though it may well need st in new plant and ery.

is where leasing comes implest terms, a lease is act between a financier sor) and a business that to use an asset (the whereby the lessor re- wnership, while the as possession and use of t on payment of rentals period. As a result of therefore, a loss-making y can still acquire the ssets, with the indirect if tax allowances:

ther side of the coin is that the lessor, being the legal owner, becomes entitled to the 100 per cent capital allowances, and is able, as he considers appropriate to reduce, or elminate, his current year corporation tax liability.

Of course, the lessor's leasing contracts will bring in rentals over a future period. It is this aspect which has resulted in leasing becoming described as a mechanism for *deferring*, as opposed to eliminating, tax liabilities.

So much for the broad framework. This survey is concerned with one particular area of capital expenditure — motor vehicles. Because of an anomaly in the tax laws it may now be worth while for companies to lease vehicle fleets, rather than buy them outright.

Attractive

The anomaly arises from a case before the Special Tax Commissioners in 1975, in which it was held that motor cars acquired by established leasing companies gave these leasers an entitlement to the 100 per cent capital allowance. Up to then the Inland Revenue had been claiming that leased cars only qualified for the far less attractive 25 per cent annual write-off. The anomaly did not stop there: a consequence was that the provision restricting the deduction of rents paid by the lessee of an expensive car (one costing over £5,000), was also proved to be ineffective.

Little had been heard about the decision of the commissioners until the past year. This is largely a consequence of the secret nature in which matters of vital importance to taxpayers are decided. While all decisions are known to the Revenue, and thereafter considerably influence practice, the tax-paying public has to rely on word-of-mouth and shared confidence among tax accountants and lawyers. However, while the decision may have taken some time to get known, it could, in a manner of speaking, be described as having spread like wild-fire over the past 12 to 18 months.

Car, and vehicle fleet leasing in general, is now a large and thriving industry. While finance companies and tax accountants often disagree about relative weights of the factors which led to this; the value of car leasing carried out in 1978 by members of tha Equipment Leasing Association alone ballooned from a mere £57m to a figure io excess of £640m. (Tha accountants believe the special commissioners' decision is the vital factor; the lessors emphasise the relaxation of the Control of Hiring Order.)

Not surprisingly, this new financial phenomenon has already attracted its fair share of tax avoidance, and some evasion, schemes. The best known abuse involves the use of option purchase schemes whereby an employee of a company, or a connected party, is allowed to buy the leased car after say two years at a price which can be a lot lower than what the car is then sold for on the used car market. The object is simply to put a lump sum into the individual's hands in such a way that be is thought not to be liable to tax.

This game has already caused a good deal of trouble for the leasing industry. Yet it has to be recorded that aome of the most reputable leasing companies' executives have been known in the past to refer to the facility car leasing offered for "making tax-free lump sum payments" to employees.

Good tax accountants and lawyers could never have doubted the position. At any rate, the Inland Revenue made its views and intentions clear in a famous "Press release" on July 26, 1978 (this is the procedure the Revenue often uses for *making important practice statements*). This indicates the Revenue's intentions when it unearths such schemes in companies' tax returns, to make sure they do not achieve the objections intended.

The provisions are as follows:—

- Car leases usually run for two or three years, and the rentals payable usually take into account an estimate of the market value of the car at the end of the lease. Under traditional contracts of this kind, the car is normally sold on the open market at the end of the lease. Leases often provide that any excess of the sale proceeds over the anticipated residual value on which the rentals were based is to be divided between the lessor and the lessee, the greater part going to the lessee as a rebate of rentals.
- The tax effects of such leases normally raise no problems. By the end of the lease the lessor has been allowed tax relief for the actual depreciation he has borne, taking into account the net proceeds of the sale of the car. The lessee is given relief on the net rentals he has paid, taking into account any rebate he receives, or shortfall he has to pay, on the disposal of tha car.
- The leases the Press release is aimed at involve variations from the traditional provisions described above. "The rentals are normally calculated by reference to a residual value which is lower than the expected open market value of the car at tha end of the lease, and the car is then sold at that price to a person connected with the lessee instead of being sold on the open market and at the open market price. The person connected with the lessee thus acquires a car for less than its market value.
- There are many variations on this basic pattern. For instance, the residual value of the car used in calculating the rentals may be purely nominal, or may be simply a conservative estimate of tha market value. The lease itself may provide for the sale of the car to a nominee of the lessee, or the car may pass through several bands before reaching the person connected with the lessee.
- Taxation provisions not normally relevant to traditional leases may need to be considered in connection with leases of this kind. So far as the lessor is concerned, it may be appropriate to regard the car as stock-in-trade rather than an asset qualifying for capital allowances. If capital allowances are given the provisions of Section 44 (6) (b) of the Finance Act 1971 may require the open market value of the car to be brought into the taxation computation at the end of the lease rather than the sale proceeds. The lessee's rental payments may be disallowed, in whole or in part, under Section 130 (a) or Section 130 (f) of the Income and Corporation Taxes Act 1970 as not being made wholly and exclusively for the purposes of the business or as being in part capital expenditure. The person connected with the lessee who acquires the car may be liable under the provisions of Schedule E on any benefit he obtains, or under Section 492 et seq of the Income and Corporation Taxes Act 1970 if the car is sold.

Michael Lafferty

...and in Europe

ne when British finance es are expanding over- d may be considering ntal Europe, it would at their most essential ent is a good dic- Leasing is a word as very different con- s in each of the main ng countries—and their d fiscal regimes deal h their own recognised the activity.

Frenchman, leasing is ail"—and this in turn nd law No. 66/455 1966. Leasing activities he purview of this law be carried out by banks cial institutions. of the major French is a subsidiary company anies already operating market, and it is said ther growth possibilities ted. The French bank- orities would need to any outsider intending usiness in France, and horisation is very rarely

on

Creditbail is leasing e hirer has a purchase invariably at a "bargain conditional upon his net his rental and other ns before being en- exercise it. Creditbail or the leasing of both l personal property (in dictionaries, as in Scot- he latter is called e).

vourable tax regime r Creditbail transactions ty. The regime is to as Sicomi; it involves eriods which can never han nine years, and im- ry strict obligations on rties, including one g publicity for the ion itself.

the Frenchman would lerstand by the word is what he himself calls ating, that is the trans- which the lessee has on to purchase. His t would be that pure is not yet very much d in France.

German, on the other nows all about leasing, s terminology familiar to the Anglo-Saxon to describe the forms in which it is available. In Germany—operating leases and capital leases. German leasing companies are mainly subsidiaries of the banks, or are owned by consortia of those banks.

After starting from almost nothing in 1962, leasing in Germany has grown to the point that at the end of 1977, the cost of equipment leased through these leasing companies was almost DM 20,000m. the new business written by those companies in 1977 being DM 4,440m. In 1978, estimated new leases were DM 5,550m, a growth of 25 per cent.

In addition to this business written by the leasing companies, it is estimated that approximately half as much again is written in the form of manufacturer leasing.

But at this stage one must have recourse again to the dictionary—and to the German leasing decree dated April, 1971. The definition of a capital lease is, rather surprisingly, one in which full payout occurs during the non-cancellable period of the lease, this non-period being less than 40 per cent or more than 90 per cent of the asset's useful life. (If the useful life falls between these brackets, but the lessee has the right to extend the period, or to purchase the asset at a price below certain defined limits, then the lease may again be categorised as a capital one.)

Since capital leases are defined as those possessing these rather odd characteristics, it is not unexpected fact that the majority of leasing business written by German leasing companies falls into the category of operating leases: they describe these as leases in which the equipment is treated as legally and economically owned by the lessor. And it is here that the German tax legislation provides some benefit.

Unlike the UK, this benefit does not take the form of granting the lessor a tax depreciation allowance at a high percentage. Tax depreciation allowances are comparatively low in German tax, and this is no different for lessors or any other owners of plant.

The significant advantage of leasing relates to savings of Municipal trade taxes. These latter are charged on two parallel bases, one related to capital employed, and one to income. A lessor company can avoid counting leased assets into its capital computation. It can also deduct in arriving at its income the cost of funds *invested in those leased assets*. Each of these savings in its trade tax liability enables it to quote more favourable terms to prospective lessees than they could themselves achieve through outright purchase.

German leasing, stimulated by these tax encouragements, has shown a rapid expansion. But therein lies the rub for expansion-minded UK companies. The market is crowded and very competitive. A newcomer who is unable to obtain customers through referral by its shareholding banks, or who does not have contractual arrangements with a manufacturer whose customers are looking for leasing facilities, may find the market difficult to penetrate.

Entitlement

Finally, still on the German leasing position — it is said that there could be substantial tax disadvantages were a UK company to seek to lease plant direct to a German lessee. The latter would find half his rents disallowed in compoting his own trade tax liabilities.

Anyone who thinks that discrimination of this sort is wrong, or is banned by the Treaty of Rome, the answer is simple. Any German lessee who pays rents to a lessor who is not liable to trade tax will suffer a similar disallowance: it is not only the UK lessor who finds his customer suffering. But there are, of course, very few German lessors who are outside the trade tax net.

In Belgium leasing is a recognised activity, the basis of which is laid down in the Royal Decrea no. 56 of November 1967. Since that date, the net leasing portfolio in Belgium has grown *tenfold*.

However, this is not to say that the market is *highly developed* — like so much of busines activity in Belgium, over half of the total is concentrated in the hands of five companies. The majority *of the business written is for* amounts of less than BF1m, and "big-ticket" deals appear to be unknown at present.

Lessors can obtain the same tax incentives for iovestment as other companies, and also obtain the same favourable VAT recovery position (each of these under 1978 legislation designed to stimulate investment).

In the Netherlands, the word leasing again requires careful interpretation. The Dutch differentiate capital and operatiog leases—the law which draws the distinction being a Ministerial Ruling of February, 1969, pertaining to Value Added Tax.

It *is* only io *the* case of operating leases that the lessor in the Netherlands is treated as the owner of the asset from a tax point of view. The lessor's entitlement to tax depreciation allowances, and the lessee's right to dednct rentals therefore only apply in these cases —where the Dutch recognise that "economic ownership" remains in the lessor's hands.

Capital leases in the Netherlands are treated in the opposite way: like hire purchase contracts in Britain, the lessor is regarded as having made a sale on which he recognises income over the period according to the formula known as the rule of 78. The lessee treats the assets as his own so far as coocerns tax depreciation allowances on the cash price. He is entitled to deduct the balance of the rental payments as representing an ioterest cost.

A trustworthy dictionary is a necessity in Contineotal Europe for those who seek to understand what the leasing industry is and does in each territory. A knowledge of local tax laws is also essential. (Even if only to know that in certain territories they are deafeoingly silent on the subject: Italy is a case in point.)

But the other piece of equipment which an aspiring lessor should have to hand is a VAT encyclodaedia. In this area it is far too easy to assume that the principles enshrined in UK VAT legislation are faithfully mirrored on the mainland: easy —and usually fatal.

David Wainman

Banks play a major role

ALL THE clearing banks are substantial lessors of both motor vehicles and plant and equipment. The leasing operations are generally carried out through each bank's finance house subsidiary, though this is not always the case. The object of the exercise is to cover the tax capacity of the bank in question by obtaining capital allowances — while making a profit.

Lombard North Central, the National Westminster Bank finance house, is probably the largest single lessor in the UK. It is heavily involved in the leasing of motor vehicles, and has an extensive branch network throughout the country. The same is broadly true of Mercantile Credit, the Barclays subsidiary, which also has a significant involvement in motor vehicles.

After these two, there is a drop to names like Lloyds and Scottish, in which Lloyds Bank has a 39 per cent stake; Bowmaker, which is part of the C. T. Bowring group; and North West Securities, the Bank of Scotland subsidiary. Also deserving of mention are Midland Montagu Leasing, the Midland and Forward Trust subsidiaries which together account for the bank's main leasing business, and Lloyds Leasing.

But while the clearing banks dominate the traditional leasing market there is growing awareness of involvement by other companies. First of all, it seems highly likely that just about every bank operating in London is now doing some leasing business. Several of these, particularly the leading merchant banks, also arrange tax shelter for a growing band of industrial and commercial lessors.

Indeed it is this industrial and commercial lessor market which is now causing most concern to some of the men at the clearing bank end of the industry. They worry about it because they do not know its size, its growth rate, its effect on leasing margins over the next few years, and the fact that it is totally unregulated.

Estimates

Estimates of the size of this second lessor market vary enormously. The Equipment Leasing Association maintains that it accounts for over 80 per cent of all UK leasing activity having leased business worth £1.4bn in 1978. This suggests an industrial and commercial lessor sector with business of around £300m. On the other hand, informed watchers of the industry over the past few years suggest the ELA is significantly understating the overall size of leasing activity. One estimate is that overall 1978 leasing activity was of the order of £2½bn.

Whatever the true position is there is little dispute that the industrial and commercial lessor sector is expanding rapidly. One banker reckons that only half the potential market has yet been tapped.

Well-known names already known to be involved include Marks and Spencer, Tesco, British Home Stores, W. H. Smith, Great Universal Stores, ATV and Ladbrokes.

The clearing bankers' worry about the involvement of industrial and commercial companies like these undoubtedly has an element of self-preservation about it. This does not necessarily mean that the fears are unjustified.

One fear is that by becoming lessors, with the specific objective of getting tax shelter, the non-financial companies are getting involved in a business they do not know. This could lead to unprofitable business being written. More important it could lead to risks being undertaken which no bank would ever consider. By way of illustration one banker talks of a £12m 15-year lease with fixed money and tax costs which has reputedly been written by some unwary lessor.

Another fear concerns the overall impact on margins of all this new tax capacity coming onto the leasing market. This effect is already evident, and bankers admit that they do not expect to see a return to the good old days between 1973 and 1977 when the lessor's rewards were reputedly handsome.

This is where the great deferred tax debate comes in. The British tax system works on an incentive basis whereby companies are allowed, in effect, to defer tax payments ad infinitum provided they continue to invest at a minimum level. Once investment stops the tax bill comes in.

The problem can be seen fairly easily from the point of view of a new lessor. By leasing plant be is able to eliminate his current year tax liability. But, assuming the lease terms are sensible, that contract will turn up the same profits plus a margin a few years later. He is then faced with the question whether to lease again, and so on. Unless this lessor has set aside an appropriate amount to cover his deferred tax liability on the original lease contract be could have a nasty shock. One accountant quotes the example of a company which has not set aside deferred tax, and later finds itself having to pay tax on what are deferred profits at a higher rate of Corporation Tax—with no money set aside to do so.

It is possible to hypothesise many more difficulties that could arise for the unwary industrial/commercial lessor. One last one concerns the position that arises if a lessee customer defaults on his obligations. In such circumstances the lessor needs to be prepared to assume the responsibilities of ownership. It might not be very pleasant for a High Street retailer to find himself with some enormous item of second-hand industrial plant for sale—especially if the market is stagnant.

Controversy

Against this background it is small wonder that there has been so much controversy in the banking industry about the need to provide for deferred tax in respect of leasing.

The collective view of the Equipment Leasing Association is that deferment is necessary for all leasing, and this has been advocated with some force by the current ELA chairman, Mr. Tom Clark, head of Lloyds Leasing. Ahead of the last clearing bank reporting season Mr. Roger Chadder, a partner in Peat Marwick Mitchell, joint auditors of National Westminster, took the unusual (but no doubt courageous step) of advocating deferment in an article in the Financial Times.

Lloyds Bank, the first to report, ignored the advice of Mr. Clark and provided nothing. This course was justified on the grounds that there is an important difference between the type of "big ticket" leasing Lloyds undertakes, and the "small ticket" (car leasing) done by other banks. Barclays, the next to report, seemed to be providing for deferred tax on its car leasing business, as did National Westminster. Most conservative of all was Midland bank, which is now well-known for its cautious attitude to leasing.

But that was not the end of the matter. In an apparent change of heart Sir Jeremy Morse, the Lloyds chairman, told shareholders at the bank's annual meeting that Lloyds was not necessarily committed to its present accounting policy on deferred tax for the future. Maybe Tom Clark has won after all.

Michael Lafferty

Car hire makes merry

THE CRUNCH of splintering metal and the crackle of breaking glass on Britain's ice-bound roads this past winter have been music to the ears of the UK car hire companies. It has had them playing merry music on their cash registers.

Winter is usually a fairly quiet time for the car rental concerns—the tourist part of the business fades away at that time of year. But this year a combination of crashes caused by the bad weather and shortages of components and replacement parts left many more people without cars at a time when they needed them for business or pleasure.

All this has been a bonus for a business which was showing signs of healthy growth anyway.

The favourable indicators, according to the industry, are that inflation in car and fuel and servicing prices are forcing companies to look much more carefully at their fleets. And many of them are deciding to iron out the peaks in demand by renting cars instead of having them hanging around doing nothing but depreciate for much of the time.

Then, although it is not necessarily the case that the UK will follow the U.S. example in every way, it has to be remembered that only about 4 per cent of the British population uses car hire against 7 per cent in the States. There is every reason to believe Britain will do some catching up.

One estimate has it that about 500,000 people in the UK regularly hire cars, taking one out seven to ten times a year. (About 2m people rent a car each year.) Of these regular users, nine out of ten are businessmen—an important consideration for the national car rental companies.

The frequently travelling businessman provides the bread-and-butter trade for the national rental groups. What they offer this customer is convenience—pick up a car at the airport or urban centre, drop it off when you get to your destination—and economy. In the UK it is possible to hire a two-litre Ford Cortina for £9 a day. Doing that twice a week for a year works out at £1,000 per annum—much cheaper than having a company car doing the same work.

That is why the leasing boom has not affected car rental. Leasing is a substitute for outright purchase, not a substitute for rental.

Some rental companies, such as Guy Salmon, offer luxury cars for rent so that, for example, a company having to entertain a couple of sheiks for a couple or days can run them around in a Rolls-Royce—a vehicle the fleet manager could hardly justify (although Rolls would argue that the chairman deserves one).

And for those who simply want to indulge their fantasies for a day or half a day, some companies offer exotic vehicles. Avis has some new Porsches for example.

To provide the normal service and convenience the businessman requires the hire companies are involved in big investments in cars and in site rentals.

Objective

Swan National, one of the fastest-growing car rental companies in Europe during the late-1970s, deliberately set out to capture the corporate customers and they now account for two-thirds of the business. But to achieve its objective, Swan had to provide a national network of offices; a one-way service at no extra cost; a central reservations office; new cars; central billing for companies with several operating locations and very competitive rates.

Swan, a subsidiary of the finance house United Dominions Trust, now has about 80 outlets. While it was growing, Hertz, one of the best-known names in the business, was busily rationalising not only in the UK but throughout Europe.

At one stage Hertz had more than 100 outlets in the UK. But non-profitable business was weeded out and today the company has about 50. Now the company maintains it is "very happy with the state of our trade not only in Britain but in the rest of Europe."

Hertz is owned by the RCA Corporation, one of the American electronics and entertainment groups—it owns National Broadcasting Company.

The American influence is heavy on the business. Avis, with 84 UK outlets, is part of the Norton Simon conglomerate: Canada Dry soft drinks and Max Factor cosmetics are among its myriad interests.

And Budget Rent-a-Car (UK) is ultimately part of the Transamerica Corporation which takes in Occidental Life Assurance, the United Artists movie distributor and Transamerica Airlines, among other interests.

But Budget is different from the other majors because it operates as a franchise business. That is why it has taken relatively a long time to offer the one-way-only package which is much more difficult to administer for a franchise operation than for a company with wholly-owned outlets. Now 12 of its 141 offices offer the one-way service and this should go up to 30 by the end of 1979.

The UK's biggest car rental business, by almost any measurement, is owned by the British Godfrey Davis group. Godfrey Davis has 178 outlets and an inquiry by British Market Research last November showed that the company had a 15 per cent market share of the hire car customers.

The same survey showed Budget just pipping Avis into second place with an 11.5 per cent share. Another British group, Kennings, also features among the big national rental groups.

The fact that the market leader has only a 15 per cent share shows quite clearly how competitive the business is. There are a host of medium-sized and small operators. In all, the UK is reckoned to have about 50,000 cars available for hire in various fleets and membership of the British Vehicle Rental and Leasing Association includes 650 car rental companies.

The smaller, locally-based operators tend to offer apparently lower rates although some of them do not have the up-to-the-minute cars which businessmen demand. And the major companies have been scrapping among themselves for the tourist part of the business, which remains an important element in the total.

There is not much brand loyalty in the car rental field and even business customers often feel they can get just as good service from one company as another. The majors tried to develop brand loyalty by offering their own credit card schemes but then undermined this by accepting other companies' cards in certain circumstances. Hertz and Avis at least accept each other's cards.)

Customers of travel agents usually accept the deal the agent offers and so the rental companies try to make sure the agents are on their side.

Last summer the French-based but rapidly-expanding car rental organisation Eurocar, which is owned by Renault, increased its commission rates to agents from the traditional 15 per cent to 20 per cent. Hertz and Avis quickly followed suit and it looked as if a full-scale commission war was about to break out. However, Godfrey Davis held its commission at 15 per cent and still increased its travel trade business.

Another interesting development in the trade this year has been a scheme launched by Volkswagen (GB), the Lonrho subsidiary which imports VW and Audi cars to the UK, which enables its dealers to operate in the car rental business.

K.G.

International routes

PROSPERITY ON the cross-Chaonel trading routes marked the bright spot in an otherwise dull and difficult international haulage market over the past year.

Total goods traffic carried by ferries between Britain and Europe doubled to 887,272 movements in the four years to 1976. The increase continued in 1977, to over 950,000 total movements, although last year the previously rapid expansion in ferry capacity on the Channel and North Sea routes was slowed by attempts at rationalisation among the operators.

This reflected an overcapacity in the ferry industry which was partly the product of the industry's earlier ambitions and partly a product of influences external to Europe.

In particular, the road haulage industry in international markets faced the full brunt last year of the downturn in trading with the Middle East. Until then this had been the international hauliers' pot of gold, full of glamour, profits and reliable business. The top has now been placed firmly back on some of those Middle East pots, with Iran the main area of uncertainty.

The Road Haulage Association said that the number of carnets issued for the Middle East fell by over a third last year to 5,403 compared with 1977. This decline had already started before the troubles in Iran reached their peak towards the end of the year.

Higher taxes for heavy road haulage operators were mainly to blame, and not only in the Middle East. Transit countries en route for the oil kingdoms reacted increasingly against the growth in trans-continental lorry traffic. Tougher controls against these vehicles were introduced and transit charges appeared or were introduced for the first time in Austria, Yugoslavia, Jordon, Syria, Saudi Arabia and Turkey.

Up to a fifth of the total cost of taking a vehicle to the Middle East may be in taxes and this combined with the fall in trade in some of the countries has eaten severely into the haulage activity in this market.

The introduction of the high transit taxes into Austria led to vehement protests from the International Road Transport Union and a threat of retaliatory action was made by some Eastern European countries.

Hauliers in Britain and on the Continent are waiting with some anxiety for the next moves by other European countries, whose territories are crossed by international hauliers en route for the east. Switzerland is one country which may consider introducing *high transit* taxes.

Certainly the debate about the role the visiting haulier should play in a foreign nation's road development programme has already started to warm up. Withio the European Community, a debate has begun about ways of reassessing the *system for charging for use of* Europe's inland waterways.

The West German Government is also known to be concerned about the way lorries from other countries impact upon the local environment and the financial consequences are causing concerning.

In most European countries manufacturing or service companies which operate their own lorries oo their own account are *not* usually *affected* by permit regulations. France is an exception where the own-account haulier has to face this extra difficulty oo top of a general shortage of transit permits. Nevertheless, the own-account operator is gaining a growing proportion of his work from abroad, partly as a result of the growth of the multi-national company.

The own-account operator has certainly contributed to the continued growth of the roll-on roll-off services linking Britain with the Continent. These routes, mainly from the Channel ports, are still profitable for the ferry operators and the growth shows no sign of diminishing, in spite of rising rates. An increase of an average of 15 per cent in ferry rates for hauliers have been reported, according to the Road Haulage Association.

Dover is the Channel port with by far the fastest growth record. Commercial vehicle traffic grew by 10 per cent last *year on this route* to Europe to a total of almost 450,000 vehicle movements. The port is now Britain's biggest in terms of the value of its exports and imports moved and future growth looks assured, even if the single bore rail tunnel under the Channel, as proposed by British and French Rail, gets the go-ahead to compete with ferry services in the 1980s.

The expansion of roll-on roll-off services across the short-sea routes over the Channel has been accompanied by an expansion of this type of service on the longer routes over the North Sea. But, unlike the steady growth record of the Channel ports in servicing the needs of international hauliers, the *North Sea ferry* operators have suffered from overcapacity.

This has had its positive effect on rates from the hauliers' point of view as operators bid for *business amid moves* to rationalise capacity. Nevertheless, dockside expansion plans to meet future demand have been completed or are planned for *ports* on the east coast of England, in particular at Felixstowe.

Operating costs among the haulage industry rose by about *9 per cent as a direct result of* the rise in wages at the end of the strike. But it is too early to say whether or not this has changed the way the market has been shared. Three years ago commercial haulage vehicles registered in Britain accounted *for just under half of the total* lorry movements from Europe to Britain.

British registered hauliers shared, almost equally with overseas companies, the trade from Britain to Europe, with France taking first place with 12 per cent of total movements between the UK and the Continent. The Netherlands took second place with 5 per cent of the total trade. There are few signs that these market shares have changed greatly over the period.

The permits, which determine unfettered haulage movements between countries, are decided within the European Community and in bilateral talks between individual countries.

The EEC has a multilateral quota system which allows the permit holder free access in all member states. But so far this *freedom is severely limited*, as there were only 3,122 such permits issued for the whole of the EEC this year, a rise of 10 per cent. Britain gets only *355 of these multilateral* permits.

This is a tiny proportion of the total of nearly 1m commercial vehicle movements between Britain and Europe two years ago.

The latest round of road haulage allocations for Britain, awarded after recent bilateral talks, show a rise in the general quotas for Italy from 6,450 in 1978 to 7,000 this year. France agreed to raise its total under the general quota heading from 41,000 last year to 43,500 this year. The general quota for *commercial traffic* between Britain and West Germany has not been agreed. Last year's total stood at 9,000 general permits, compared with 8,250 in 1977.

The debate within Europe about permits is taking place at a time when Britain is about to examine, through an inquiry, *the question of lorry weights*. The European Commission proposed in December to a detailed paper on the subject of lorry weights the case for a new *maximum gross* weight of 44 tonnes. The paper tried to arrive at a compromise between Britain's present maximum of 32 tonnes gross weight and the 50 *tonnes maximum* which is now operative in the Netherlands.

The members of the proposed committee of inquiry have not been selected by the Transport Department, which made its announcement in the last days of the last Parliamentary session before the UK General Election was called. No timetable has been set for the inquiry and it is doubtful whether any *conclusions* will be reached much before the end of 1980, assuming the idea of an inquiry is supported by the incoming Government.

Resolution of the lorry weights question would remove one of the central problem areas in relations between member states of the European Community. But tidy, instant solutions are impossible, particularly amid the growing environmental lobby.

More likely, at least for the immediate future, is a continuation of the practice of *Continental* hauliers, of arriving at Britain's Channel ports fully loaded. A portion of the load is then discharged and the *Continental 44-tonne lorry travels* light to its destination in Britain. The other practical and obvious solution, which has already started to manifest itself, is the growth *in* total commercial vehicle numbers, to match the needs of trade. The inefficiencies are disliked by the hauliers and eventually by the customers when faced with higher prices in industry and in the shops.

Lynton McLain

Energy needs

ENERGY IS one of the road transport and distribution industry's greatest strategic problems. Fuel conservation may delay the day when the oil runs out but the major challenge facing the industry and Government is the search for alternative fuels to power the *lorry into the 21st century.*

During the next 20 years a new fuel supply must be found. Both industry and Government are investing increasing funds in the search for improved designs to conserve energy and for new fuels. As oil becomes scarce and more expensive that search becomes more urgent.

The present known world oil reserves would last about 30 years at *current rates* of consumption. Recoverable resources may be three times this level stretching the deadline by a further 50 years but higher consumption could reduce the timescale and new oil deposits will undoubtedly be more difficult to recover and *more* costly to supply. The events of the 1973 oil crisis came as a shock signalling the beginning of the end of cheap and plentiful oil. *Oil is a finite* fuel which will cost more in the future and is also rapidly emerging as a powerful political weapon.

In the UK the Department of Energy predicts *an* "energy gap" re-emerging after a period of self-sufficiency in the 1980s and 1990s as North Sea oil runs dry. World oil production will probably *stabilise and* then begin to decline after about the year 2000.

In 1974 goods vehicles accounted for about 14.2 per cent of the UK's road *transport* petrol consumption *and* about 82 *per cent* of derv fuel consumption. The 1.75m lorries and vans in use at the end of 1975 accounted for 65 *per* cent of freight transport movements in ton-miles and 85 per cent in terms of tons carried.

Improved energy conservation will reduce the energy gap in the post North Sea oil period and "buy time" for *further* research on alternative fuels. Within the *field of* potential fuel savings the Advisory Council on Energy Conservation has produced papers on road vehicle design and engine design, and on freight *transport* energy savings.

Both reports conclude that policy decisions of freight transport are unlikely to lead to significant savings of energy in the short term although *important* savings could be gradually achieved, as vehicles are replaced, by way of technical and operational advances.

The reports, published in 1977, said that it is more difficult to reduce the fuel consumption of diesel-engined medium and heavy commercial vehicles than it is to reduce *fuel* consumption in petrol engined vehicles. Nevertheless, design changes to heavier diesel-engined lorries could give a 15 per cent improvement in fuel consumption on a new vehicle in the comparatively near future although it is suggested that the improved vehicles would not be fully operational for 10 to 15 years.

Because the fuel performance of the diesel van is 30-40 per cent better than its petrol equivalent in urban use the *Council* urged measures to encourage a switch from petrol to diesel for vans. About half the freight vehicle *mileage is* run by vans of less than 3.5 tons and the Council suggested that substantial savings could be made *if* half of the 1m such vans *powered* at present by petrol changed to diesel.

The main problems involved in such a switch in the reports were the higher initial cost of the diesel van and a *shortage* of suitable light diesel engines made in quantity production.

Controversial

The Council also raised the controversial subject of lorry weights arguing that an increase in maximum gross weight *from 32 to 38* tons would not cause any greater damage to roads but fuel consumption could be 10-20 per cent better.

Devices to reduce aerodynamic drag and research into more advanced diesel engine *ignition systems* were also examined while the Government was urged to promote research and tests using electric batteries, for powering vehicles, *especially light* vehicles, as an oil conservation measure.

Traffic management schemes which reduce traffic congestion save freight vehicle fuel however restrictions on *heavy* lorry rates will often involve *additional* mileage and therefore higher energy consumption. Similar warnings were given over the energy consumption consequences of reducing the lead content in *petrol* or restricting nitrogen oxide emis*sions from* vehicles.

Research by the Motor Industry Research Association published this month *suggests that* add-on devices to reduce aero*dynamic drag* on commercial vehicles can produce quite high energy savings.

Test track fuel savings of 16 per cent at 80 km/h and 13 per cent at 48 *km/h* were recorded using the test vehicle in simulated articulated configuration and fitted with two devices, a cab-roof deflector and an "air dam." In a rigid truck configuration the drag and fuel savings were slightly lower.

On average, *fuel savings of* 13.2 per cent were achieved and the most successful family of devices was found to be wide bladed cab-roof mounted shields in which the angle of the blade could be adjusted to suit the particular vehicle application.

Mr. Gerald Leach and others argue a strong case for further measures to reduce fuel consumption in a book published last month by the International *Institute* for the Environment and Development called A Low Energy Strategy for the United Kingdom. The book argues that the fuel consumption of lorries could be reduced by educating drivers and batter maintenance, using anti-drag devices, improving diesel engine spark ignition, closer matching of engine size to load and improvements in transmission, rolling resistance and lubricants.

Mr. Leach also suggests that a 10 per cent improvement in load factors could alone reduce fleet consumption by 7-8 per cent.

The book argues strongly that, for the UK economy as a whole, energy conservation provides a safer and more economic answer to the UK's future energy requirements than do alternative energy sources which it is claimed might lead to a dependence on "untried and possibly bazardous energy supply technologies."

The more widespread view, however, is that conservation measures must go hand in hand with research into alternative fuels. Indeed alternative fuels, with limited applications, may themselves prove to be a conservation measure.

The range of alternative fuel sources suggested for transport use includes hydrogen or methanol synthesised from carbon dioxide or biochemical sources, syncrude (a liquid hydrocarbon resembling petrol made from coal), and various methods of storing fuel such as *flywheels*, compressed air, energy stored as heat and in rechargeable batteries.

However, most of these methods have been dismissed, at least for the present, *as* impractical for transport uses. The two remaining front-runners for use in the post-oil period are liquid fuel from coal and electric power. In the longer term, when all fossil *fuels* have run out or are constrained by economic or environmental considerations, the Advisory Council on Energy Conservation, in a paper published last year, argues that electric vehicles are inevitable.

Paul Taylor

Battle among car producers

YOU MUST have noticed that BL, the former British Leyland, has been spending considerable sums recently on advertisements which have spelled out the group's importance to the UK economy.

Under such headlines as "Top of the League," BL has pressed home the point that it assembled more vehicles in Britain in 1978 than any other manufacturer—almost as many as the other companies put together—and that it was Britain's major exporter and net contributor to the balance of payments.

The timing had much to do with the fact that BL still needs a good deal of cash from the Government via the National Enterprise Board, its major shareholder. And, with an election in the offing it made good sense to let the politicians know why BL should be treated generously.

Mr. Ray Horrocks, managing director of the Austin Morris subsidiary, recently outlined BL's thinking: "There are a number of myths about the UK motor industry. One is to talk about the 'big four' British manufacturers — BL, Ford, Chrysler and Vauxhall. This is quite misleading.

"The last three are basically manufacturing operations of major multi-national parents. This is reflected in the pattern of their sales and manufacturing operations. Of the cars they sold in Britain last year, Ford imported 35 per cent, Chrysler 16 per cent, and Vauxhall, part of General Motors, 43 per cent.

"BL imported just 4 per cent —15,000 cars out of a total of 378,000 sold. And all those imports were assembled in Belgium from kits of parts almost completely manufactured in our British factories.

"I am not trying to make a political point. But I am trying to make clear that the challenge BL faces is that of a truly domestic industry, one which must be met largely from within. Off-shoots of international operations such as Ford, Chrysler, and Vauxhall have a built-in safeguard. And that is particularly so in relation to product development.

"If those three had been compelled to rely on internally-generated profits for their investment in manufacturing facilities and product design, they would have had a great deal more catching up to do.

"Their performance is not a true guide to the state of the British motor industry.

"We must make this differentiation because the long-term economic salvation of this country depends on internally-generated profits and genuine British commodities. It is the cars conceived, manufactured and assembled in this country that earn the money, not imports. And BL is this country's only major vehicle exporter."

Not everybody agrees with Mr. Horrocks' point of view. For example, Mr. Richard Martindale, director of marketing for BSG International, the motor components and automotive retailing group, maintained recently that the British must stop thinking that "imports" is an ugly word.

"The way the motor industry sources its products these days makes it very fuzzy, to say the least, on what car has what nationality and, frankly, the factory where the car is assembled is of only academic interest," he insisted.

And however strongly BL might make its point, the majority of British people will continue to consider any group with an assembly plant in the UK as a "British manufacturer."

The UK has nearly 20 car assembly plants and the majority are not owned by the "big four," to use the phrase Mr. Horrocks deplored.

Here is a quick tour of the plants and the companies which own them:

AC Cars is based at Thames Ditton. Current output is one car a week—the AC 300 ME sports car—but the company hopes to increase this substantially soon. AC has 210 people employed on car production and a turnover of about £2m a year.

Aston Martin makes the V8, Vantage V8, Volante and Lagonda at Newport Pagnell, Bucks. It has 202 employees and is currently producing at an annual rate of 288 cars. Turnover is £8m a year.

BL Cars splits itself these days into two distinct operations. Austin Morris, which has assembly plants at Longbridge and Cowley, makes the Mini, Allegro, Marina, Maxi and Princess. Austin Morris has 40,000 employees and a turnover of £1bn a year. Last year it assembled 300,000 cars.

Jaguar-Rover-Triumph has 32,500 employees and an annual turnover of more than £1bn. Jaguar cars are assembled at the Browns Lane plant in Coventry, the main Triumph factory is at Canley, the Rover plant (which also makes Land-Rovers and Range Rovers) is at Lode Lane, Coventry.

Bristol Cars makes the 412S2 and 603S2 luxury cars at the rate of three a week. It does not give details about employees or turnover but they must be in the region of 100 and £1m respectively.

Chrysler UK assembles the Sunbeam and Avenger at Linwood in Scotland, the Alpine in Coventry and the Avenger in Dublin. Output last year was 133,000 cars. No turnover figure is supplied but the Chrysler UK total turnover must be about £500m a year. It has about 23,500 employees.

DeLorean Motor Co. is setting up an assembly plant at Dunmurry, West Belfast, to make the DMC-12 sports car primarily for the U.S. market. The British Government one way or another is putting up £52m towards the total cost of around £65m. The plant will employ about 2,000. Forecast rate of production in the first year—which should be 1980—is 20,000 and 30,000 cars a year subsequently. The DMC-12 is expected to retail at about $13,500, giving an indication of DeLorean's potential turnover.

Ford Motor has two car assembly plants in the UK. At Dagenham the Fiesta and Cortina are made. At Halewood on Merseyside the Escort is assembled. Car output runs at about 407,000 a year and the employees involved in car production total about 57,000. Ford UK has other interests and when trucks, vans, tractors and so on are included its sales reach an annual £2.4bn.

Lotus Group is based at Hethel, Norwich, where it makes the Elite, Eclat and Esprit sports cars at an annual rate of 1,200. There are 596 employees and turnover is £8.2m a year.

Morgan Motor Company, based at Malvern Link, Worcestershire, has a long waiting list for the Morgan 44s and Morgan Plus 8s it produces at the rate of 420 a year. There are 100 employees and turnover is £2m.

Panther Westwinds has its assembly plant at Byfleet in Surrey. It makes Panther De Villes, Limas and J 72s at an annual rate of about 700. There are 220 employees and turnover is about £4m a year.

Reliant Motors Group is based at Tamworth and it makes the Scimitar sports saloon as well as the Kitten four-wheeler and the Robin three-wheeler. Slimmed down considerably since it was acquired a couple of years ago by J. F. Nash Securities, the company produces about 5,000 vehicles a year and has 1,000 employees. Turnover last year was £17.5m.

Rolls-Royce Motors, the non-nationalised part of the old R-R business, assembles the Silver Shadow and Camargue at Crewe (as well as the Bentley versions) while the Corniche is made in North London. Last year the group produced 3,347 cars but output should increase a little in 1979. Employees in the car division total 5,500 and the division contributed £85.5m of R-R Motors' total turnover.

TVR Engineering is based in Blackpool. Its 85 employees make the TVR 3000M, Taimar and TVR Convertible at the rate of eight a week. Turnover is £2.5m.

Vauxhall Motors' turnover was £805m last year. Its assembly plants for cars are at Luton, where the Carlton, Cavalier and Chevette models are turned out, and at Ellesmere Port, where the Viva and Chevette are produced. Output of cars totalled 110,461 last year and Vauxhall has about 21,400 employees.

K.G.

Specialist groups

RISING COMPETITIVENESS and overcapacity in the general haulage sector of the road transport industry, with its annual turnover of £1bn, has led to the rapid development of specialised services. Profit margins here are less restricted by competition and opportunities for innovative services are wide open.

Many of the services have proved to be highly popular and profitable for haulage operators as the result of the identification of a need and the investment in purpose-built, single function equipment or specialised services.

There have also been other specialist developments, in the financing of haulage services. One of the most important developments has been the rise of contract hire services to a £400m turnover industry in the UK last year. The approach has advantages for the company unable or unwilling to enter into high capital spending programmes for fleets of haulage vehicles.

Most contract hire services provide industry with an alternative to the outright purchase of lorries or vans. In this respect contract hire is similar to other forms of financing the services of a lorry fleet for company operation.

Leasing, rental, charter hire and hire purchase are all traditional forms of acquisition not involving the direct outlay of capital. Leasing and hire purchase are, in practice, alternative methods of raising the capital needed to fund a fleet purchase.

Rental arrangements, worth £40m to £45m each year for heavy goods vehicle rental companies, enable companies to have the services of a van or lorry or a fleet for short periods. The arrangement is suitable for those companies wishing to increase their transport operations at very short notice, without committing capital. The penalty for this instant flexibility has tended to be high rates and few companies operate transport on rental for any length of time.

Hiring

Charter hire enables the company to gain access to better terms than would be available for simple rental, in return for hiring the vehicle or a fleet of vehicles for minimum periods of a year.

Contract hire provides the most direct alternative for the company which would have made a direct purchase if its capital resources had been in better shape. The company contracts to use vehicles for a period which would normally be the life of the equipment. Instead of a large capital payment for outright purchase, the customer has a regular monthly payment which can be funded out of revenue.

British Road Services owns the UK's largest contract hire fleet, with 4,000 vehicles and the proportion of the group's turnover which arises from contract hire is increasing, at the expense of general haulage, at the rate of around 1 per cent a year.

The company calculates its contract hire charges on the basis of an agreed standing charge and a mileage cost. The standing charge includes the cost of vehicle depreciation, excise licence, operator's licence, insurance, body maintenance, washing, delivery charges, driver's wages, overheads and administration, garaging and the servicing of profit and capital.

The mileage charge covers the cost of fuel, lubrication, tyres and maintenance.

The direct financial benefits for the customer with limited capital resources or the need to conserve capital for operational investment directly related to manufacturing are clear. There are also the benefits of entrusting the management of distribution to companies with specialist knowledge.

All the administrative headaches of coping with the day-to-day problems of servicing and maintaining the transport fleet are lifted from the shoulders of the company transport manager. Changing distribution needs are also catered for as manufacturers gain access to regional depots operated by the large contract hire companies, without the need for setting up company owned facilities.

But the growth of specialist transport services has not been confined to developments in the financing and operation of conventional lorries and trucks. There is a growing need in the UK for specialist services based on specific products. In the case of the chemical industry, the need for purpose-built transport has been obvious for many years.

There has been a particularly high growth in the use of vehicles for transporting powders and liquids. The annual growth rate in this sector has been between 3 per cent and 5 per cent since 1973. Manufacturing industry pays over £200m each year to the specialist transport companies for their services.

Edible oils, food flavourings, spirits, beer, materials for synthetic fibre production, latex, phenol and ethanol are among the products now carried on specialist tank vehicles. Powders transported in bulk range from polyvinyl chloride for plastics manufacture to flour, and sugar

The investment needed to build up a fleet of these specialist tanks is enormous. Unispeed Intermodel, which is part of the SPD group of Unilever Transport UK, owns 200 bulk liquid and powder tanks. The tanks for transporting bulk liquids are usually made from stainless steel, with capacities between 4,400 gallons and 5,200 gallons and they cost up to £10,000 each.

The tanks are precision built and fitted into a steel box frame, 20 feet or 30 feet long, for compatibility with other international size containers. The market in Britain for these bulk liquid tanks is highly competitive in the face of the current overcapacity in this sector. Unispeed Intermodal estimates that there are now between five per cent and 10 per cent more bulk liquid containers than the market has business for.

There is still greater overcapacity in the tractor and trailer sector of the bulk powder and liquid haulage market where there are up to 25 per cent more units than the market can use.

BL's scheme for distributors

WHOLESALE Vehicle Finance has had a remarkably smooth start in life. Launched at the beginning of February, it should be covering the whole of the country by the end of next month by which time all BL's distributors and main dealers—over 600 in all—will be within its network.

More than half BL's distributors are already in the scheme. And something like £60m of funds are currently being provided by WVF to BL in order to finance showroom stocks.

"We are generally very pleased with the way WVF is operating," says Mr. Ron Carbutt, chairman of BL Cars Dealer Council. "Given the size and scope of the scheme, there have been remarkably few teething troubles."

As promised, the new company is being run on a very tight string. Relying heavily on BL's existing computer facilities, it currently boasts a staff of nine people including everyone except the office cleaner. Costs in the first quarter of its operation have turned out to be exactly in line with budget, and the company has made a profit even though its financing facilities have been nowhere near fully utilised during this start-up period.

Mr. Peter Bertram, the managing director, is confident that at current interest rates WVF will be capable of producing a pre-tax return of something like 20 per cent on its £12½m of shareholders' funds once all its money is invested in BL stock.

The next major task is to extend the operation through the distributors and main dealers down to the retail dealers which they in turn supply. This will be the responsibility of the distributors themselves rather than WVF, and they are currently working out the necessary agreements. The individual retail dealer will probably be offered four main ways of financing the stock which comes to him from the big distributors.

- He can pay for the cars as they arrive.
- He can put down a deposit with the distributor in respect of his stock.
- He can pay the distributor a "display charge" for the stock, just as the distributor pays a similar charge to WVF.
- He can work out a combination of all three.

Impact

WVF has already had a big impact on the balance-sheets of the distributors, running to several millions pounds in some cases. For instance, Henlys had £6m or more invested with BL in the old deposit scheme. At the same time, it held deposits from the retail dealers which it supplied, reducing the net investment in deposits to maybe £3½m or £4m. For Wadham Stringer, the net figure was around £2½m or £3m.

This money is now being released from the deposits. Of course it does not follow that the distributors' overall cash balances will be automatically increased by a similar amount, for they have also taken on a contingent liability in respect of that part of the stock in their showrooms which is being financed by WVF. That is a risk which banks will obviously take note of when it comes to looking at a company's overall financial position. They may decide to reduce their overdraft and other lending facilities in order to compensate for this "off balance sheet" exposure.

Moreover most of the big distributors were already operating well within their financial limits anyway. So their banks would have been willing to provide finance for new projects provided that the returns looked promising.

All the same, the introduction of WVF will have more than just a cosmetic effect on the finances of BL dealers. In so far as their borrowing has been constrained by the size of their debt relative to that of their shareholders' funds, their overall borrowing base will be expanded. And the leading dealers seem confident that provided they can persuade their bankers that they are able to find an acceptable home for the funds, they will be allowed to keep their hands on a high proportion of the money that used to be tied up in stock finance and has now been released.

As a result, they may be willing to take on more BL stock than otherwise might have been the case. And they are likely to accelerate the process of diversification which has already been apparent for some years. Dealers have been spreading their risk by acquiring the franchises of other manufacturers. In addition, they have been making substantial investments in leasing assets.

Whatever the longer term outcome, the introduction of WVF certainly seems to have helped to boost the morale of the BL distribution network, which was in a very shaky state a year of two ago. And it has coincided with a period when BL has been managing to get its cars off the production line in a relatively smooth fashion.

"Business is brisk," says Mr. Corbutt. "The market is buoyant, and BL sales are going well."

Richard Lambert

OLD SCHEME

Distributors make a fixed deposit with BL Cars to finance part of their showroom stocks, which are supplied by the manufacturer on a sale or return basis. The deposit usually represents around 10 to 12 per cent of the distributor's sales over the previous year.

Disadvantages:

- **From BL's point of view: the amount of deposits in BL's hands falls behind the wholesale price of cars in the showrooms during periods of inflation. As a result, BL is having to use many millions of pounds of its own scarce resources to finance showroom stocks.**
- **From the dealer's point of view: inflation blows up the value of the stock—and of the accompanying deposit—which puts an ever rising strain on the dealer's borrowing capacity. And during BL's well publicised periods of trauma, the dealers also get worried about the security of their deposits, which amounted to £64m in BL's balance sheet a year ago.**

NEW SCHEME

A new company, Wholesale Vehicle Finance (WVF), is set up as a partly owned subsidiary of the National Enterprise Board. Initially, £100m of funds are available to it, including £12½m of shares and convertible loan stock, and an acceptance credit facility of £84m. WVF provides BL Cars with prepayment deposits on finished cars as they leave the factory gate on their way to the distributor. Each distributor is set certain limits on the size of the deposit made by WVF on his behalf. The distributor pays WVF a "display charge," designed to give the company a gross margin of 1½ per cent a year over its average borrowings cost.

Advantages:

- **BL has access to more finance than it did under the old arrangement. As a result, its cash balances rise by £30m or more.**
- **Since the distributor is effectively borrowing stock—rather than borrowing money to invest in stock—the stock financing loans disappear from his balance sheet. They are replaced by a contingent liability relating to the stock, which only shows up in the footnotes to the accounts.**
- **A wide variety of credit risks are being channelled through a single borrower. The average cost of borrowing is therefore very competitive.**
- **There are no strings attached to WVF's service. A distributor is free to offer his lucrative consumer credit business to whoever offers him the best terms.**
- **The scheme is flexible. For instance, a distributor can take stock and the accompanying loan finance on to his balance sheet whenever he chooses, and so can continue to benefit from stock relief for corporation tax purposes.**

Tories and union law

BY CHRISTIAN TYLER, Labour Editor

THE "UNION QUESTION" was bound to be prominent in the general election campaign, if only because it has nagged at the Conservativa leadership ever since Mr. Heath's Government fell in 1974. Last winter's strikes in response to a decaying wage control policy—and the consequent unpopularity of trade unions—meant that the Conservatives entered this campaign confident, perhaps for the first time, that they could exorcise the 1974 bogey and go on the offensive.

Yet so potent is the memory of 1974 (and so large the number of trade unionists in Britain) that the Conservatives have been compelled to frame their policies and tactics very carefully. During the campaign this has brought criticism from the unions that the Tory manifesto contains little more than innuendo, and complaint from some Conservative supporters that their leadeca hava funked the issues.

Almost up to the eve of the campaign it was touch and go how the Conservatives would play their cards. The conciliatory line doggedly pursued by Mr. James Prior, the employment spokesman, looked weak in the face of a lorry drivers' strike and the public service strike. He himself was practically in disgrace. But at the eleventh hour, it seems, the Prior line—with some toughening up here and there—was the one adopted.

The harristers who have been advising the Conservative Party, picking through labour statutes to suggest amendments, were kept well out of sight. On the subject of trade union reform the manifesto has confined itself to a few prime political issues—picketing, the closed shop, secret ballot and State payments to strikers' families.

In the course of the campaign, Mrs. Tbatcher has tried mainly to keep the debate on an abstract level—the balance between unions' rights and duties, the encouragement of "moderates" at the expense of "militants." Sometimes she has attacked "wreckers." But in her speech on Sunday she dropped the word and declared that only "a tiny handful" of trade unionists are "Marxists or militants." Her tactics are to praise the mass of trade union members while denouncing shop-floor activists and the union leadership.

The debate about union power (an unsatisfactory phrase out of its context) has three main strands: the relationship between the Labour Party and the trade unions, the representativeness of the union leadership (at all levels), and the role of law in governing union behaviour.

Alliance

Labour's appeal to the electorate relies heavily on the historical alliance with trade unionism. Even if Mr. Callaghan now seems wary of praising the unions too much, he continues to point to the latest chapter of the social contract (the "concordat") as evidence of Labour's ability to get on with the unions even in the midst of a near-disastrous disagreement about pay policy. Indeed, the concordat contains everything—which is quite a lot—that Labour has to say in this election about the role of the trade unions.

Mr. Callaghan, and some union leaders close to him politically, were badly disturbed by the events of last winter. As a consequence the "concordat" contains many rules of good behaviour for the unions to follow, and leaders of the trade union campaign on bebalf of Labour bave pledged that they vill be followed if Labour wins.

. the remedy of the law has bee. ruled out.

The concordat, as well as symbolising Labour's strong card—that a record two years of voluntary wage discipline was achieved and that Labour can engender a spirit of co-operation—also lays down the precept that self-discipline, not judicial rulings, leads to peaceful industrial relations. The last point is endorsed by many employers, including such heavyweights as Ford Motor, especially since the failure of the Conservatives' 1971 Industrial Relations Act.

This, if nothing else, has made the Conservatives guarded about the extent to which they will amend the law. They rebut the charge that it is only they who have brought the courts into the industrial relations arena. Labour's repealing legislation—the two Trade Union and Labour Relations Acts, and the Employment Protection Act—has, they say, actually reinforced the trend. The TUC, its legal advisers, and members of the Advisory, Conciliation and Arbitration Service do not disagree.

Therefore, it is no accident that a speech of Lord Denning, the Master of the Rolls, should have been unearthed during the election campaign. A string of labour law decisions of the Appeal Court over which he presides has, according to the TUC, not only reversed the intention of the last Labour Parliament, but undone the so-called "golden formula" which gives unions immunity from damages during trade disputes.

The Conservatives' manifesto promise to limit picketing also covers blacking and blockading of firms and goods. A Conservative Government would probably build upon some of those Denning judgments to reintroduce the Tory amendment to the 1974 Trade Union and Labouc Relations Act, repealed in 1976, that granted immunity from damages only in cases where contracts of employment were breached as a result of union action. In other words breaches of commercial contract caused by unions would attract actions in tort. The lawyers have also considered whether picketing itself and the meaning of a "trade dispute" should be redefined. (The courts have dealt mainly with how far unions may go in "furthecance" of a trade dispute).

None of this is spelt out in the manifesto, but the trade union leaders, after sniffing the wind, have already declared that the Conservatives' proposals would make illegal almost every kind of industrial action.

The closed shop issue is, of course, a perennial. The main features of the Conservatives' plan are to restore the right of appeal to an industrial tribunal for unfair dismissal for workers who lose their jobs as a result of not holding a union card. Secondly, grounds for refusing to join a trade union would be extended from religious objection to something wider, like "strongly held convictions." This would restore another Tory amendment to the first of Labour's trade union Acts. In addition, the Conservatives are examining whether, in this and other areas, compensation for a successful complainant could be extracted from the union rather than from the employee if the employee could show he had been under trade union duress.

At present, workers who become casualties of the closed shop have recourse to a TUC-sponsored review committee which tries to reconcile the union and the worker, or failing that, make a cecommeodation. This review committee, since it is independent of government and has no statutory backing, would presumably continue in being. The Tocies argue it is just not adequate.

Although the elective process within unions is one of the Conservatives' chief interests — they want the widest possible franchise in order to get "moderates" elected—they have been careful not to suggest any legal requirements about the conduct of elections.

The proposal is to make public money available so that unions will have no excuse for not using postal ballots for the election of national officials, in the hope that this will encourage changes in the rules of those unions which use either a ballot or a show of hands at branch meetings. If branch voting is to continue, then employers would be "encouraged" to allow branch meetings to occur during working hours and on their premises. This principle was extended recently to include strike decisions (described in the manifesto as "other important issues").

ACAS, which the Tories want to keep, might be called in to supervise the procedures.

Although this would not be a statutory requirement, the Conservatives would need a Bill to use public money in this way.

Another statutory change would be required to put into effect the proposal that social security payments to strikers' families are reduced by a notional amount, equivalent to some average level of union strike pay (£9 a week has been quoted).

This is called the "deeming proposal" and it is intended to make unions bear more of the financial cost of strike action. But it would operate, according to Mr. Prior, even when the strike was unofficial. In some cases, the union might even be opposing the strike. This is more a political than an industrial relations issue, and similar proposals, always current in Conservative thinking, have been opposed in the past not only by Sir Keith Joseph but also by the Conservatives' own trade union advisory organisation.

It has been condemned by the unions on two counts: first, that the present system of benefits for strikers' families provides a negligible incentive to industrial action, and second, that it would probably lead to the accumulation of huge strike funds which, once collected, would presumably be used for the kind of premeditated and protracted sieges seen in North America.

There are a number of ancillary reforms contemplated by the Conservatives, which have had little exposure during the campaign and none in the manifesto. In the wake of the Grunwick affair, and other important legal interpretations of union recognition procedures handled by ACAS, the Conservatives would probably review both the terms of reference and the composition of that body. They suspect ACAS of being anti-employer, and would probably seek to give employers the same rights of access as trade unions. At present, the theory is that ACAS is a last resort for unions which have failed to secure recognition rights, not a tribunal set up to hear every wrangle.

The industrial tribunals, too, would come under scrutiny, since the Conservatives argue there is too much vexatious litigation by employees, and that ACAS, which is charged with conciliating dismissal cases before they go to tribunals is not sifting the cases properly.

This, plus a proposal to exempt "temporary labour" from the unfair dismissal provisions of the Employment Protection Act has already appeared in a Private Member's Bill of Mr. Michael Grylls, vice-chairman of the Conservative Industry Committee. His Employment Opportunities (Small Businesses) Bill could well be revived.

Finally, that part of the EP Act (schedule 11) which allows unions to claim exceptional pay increases for workers to bring them into line with the going rate in their industry or region might be abolished. Introduced to deal with "pockets of low pay," Schedule 11 is seen by the Tories as a device for sanctioning undeserved or politically-convenient pay rises.

The unions expect a wholesale revision of labour law if the Conservatives are victorious on Thursday. Although Mr. Prior and the manifesto belie that impression, Mrs. Thatcher has done nothing to remove it. However extensive her plans are could depend on the size of her majority if she wins. But the fact that she is contemplating a referendum on the whole issue if she runs into serious union opposition may suggest that Mrs. Thatcher is aware that any fundamental changes could only be made on the basis of solid popular support.

Letters to the Editor

The price of food

From Mr. S. Harris

Sir, — Figures for rises in the retail price of food were quoted by the Prime Minister on April 23. While not questioning their authenticity it is apparent that these figures are being presented in a misleading fashion. A comparison with the Government's own estimates of the effects of the recent 5 per cent green pound devaluation is instructive as pointing to the assumptions underlying the Prime Minister's figures.

	Min. of Agriculture est. of a 5% devaluation	Prime Minister's devaluation figures
	(pence/lb)	
Butter	3½	12
Cheese	3	11
Sugar	½	3
Bacon	1	4
Beef	2	7
Bread (Standard loaf)	½	1½

The only way figures of tha size quoted by the Prime Minister can be generated is assuming a complete green pound devaluation. Further, the devaluation must have been for a period when sterling was weaker than today and the difference between sterling's market rate and the green pound rate greatec. On checking some of the Prime Minister's figures, it seems that they relate to week beginning April 9 when the UK monetary percentage was 16.8 per cent. For the week beginning April 23 the UK monetary percentage is only 13.3 per cent. Recent changes in the UK monetary percentage bave heen:

UK MONETARY *PERCENTAGE*

Week beginning	
April 2	−25.2
April 9*	−16.8
April 16	−14.6
April 23	−13.3

(*5 per cent green pound devalnation came into effect from April 9 for some commodities). Were the figures to be recalculated using this week's monetary percentage, then the Prime Minister's figures would be about a fifth to a quarter lower.

The more vital point, however, is that it is unrealistic to assume a complete green pound devaluation. I am sure no British Government, whatever its political complexion, is going to give an uncovenanted increase to farmers of the magnitude involved. Taking the Prime Minister's assumed 16.8 per cent, a complete green pound devaluation would mean a rise of 18.3 per cent in UK farm support prices; even using this week's 13.3 per cent monetary compensatory amount, abolition would mean a rise in farm support prices of 14.8 per cent. It has been a consistent feature of UK food policy of both Conservative and Labour Governments to keep rises to farmers to the minimum necessary to achieve farm production targets, in order to keep food price increases down. Therefore, how realistic is it to present figures which assume an immediate complete green pound devaluation?

In terma of food price increases, the increases suggested become of less significance when compared with the effects of inflation. A 5 per cent devaluation according to the Ministry, would mean a rise in the retail price of food of about ½ per cent to 1 per cent. On a pro-rata basis the Prime Minister's figures imply a rise in food pcices of from 3 per cent to 4 per cent; a complete green pound devaluation on today's monetary percentage would appear to mean a rise of from 2 per cent to 3 per cent. Yet, between January 1978 and 1979, the retail price index for food rose 11 per cent mainly due to inflation.

Presentation of the butter figure in isolation is misleading. It is likely that, as a result of the Commission's price proposals, there will be an increase in the bntter subsidy granted in the UK. If the Commission's proposals were adopted completely, then the total subsidy payable would rise from 5½p/lb to 17p/lb. Even if the proposals are modified by the Gouncil of Ministers, as is likely, an increase in the subsidy is probable which would partially, or completely, offset the effects of any MCA devaluation, at least foc this commodity.

S. A. Harris.
6 Redgrave Road, Putney, SW15

Voices of the people

From Mr. A. Watt.

Sir,—While Mr. Len Murray, Mr. Moss Evans and other senior officials of the unions are able to voice their propaganda on radio, TV and in the Press with *undertones* and threats of confrontation with the Tory party, *may I ask why* the top echelon of the CBI are making no effort to voice their "*strength*" in the struggle to bring industry and commerce to the rescue of the country? The Socialists are fighting the Tories. The Torles are fighting the Socialists and the unions. Following the last election, the Tory party now deserves the assistance of the CBI.

Alick A. Watt,
6, Musgrove Gardens, Alton, Hompshire.

Olympic Games in Britain

From the Leader, Greater London Gouncil

Sir,—Why has it taken the *Government* 10 *months* longer than the Greater London Council to take steps to find out the implications foc a British venue for the 1988 Olympics? Why does it (unfoundly) attribnte to the GLC the desire to hold the Games in London alone?

Is thece an Election in the offing?

Horace Cutlec,
County Hall, SE1

Inadequate deposit

From Mr. D. Green.

Sic, — You cepoct the ceturning officer in North Devon — confronted with a cecocd nine candidates — as attacking the £150 deposit as totally inadequate. *Rather* be should criticiae the pitifully small numbec of electors required by statute to nominate a candidate.

Publicity—which is dirt cheap at £150 in an appropriate constituency — could *still* he cheap at ten times the price: only a major increase in the number of electors reqnired to sign the nomination paper—which, with modern commuoications, rould reasonably be raised to 100—is likely to reduce the abuse of our electoral system by those whose pcetensions are unlikely to earn them even that number of votes. *Apart* from other attractions, such a reform would be *democratic* — *and* that, *after* all, is what the process is about.

David Green.
Rhyd yr Hording, Gastle Morris, Nr. Haverfordwest.

Redundant churches

From the Chairman, Group Northern Design

Sir,—I was *interested* to cead Cillian Darley (April 9) on the fate of redundant churches and chapels and was saddened by the *scale* of the past and imminent loss, particularly as it represents an unnecessary waste of economic as well as cultural assets.

Similarities between cinemas and churcbes are significant. Both are soundly constructed, tall, clear-span buildings, designed for focmal public assembly and frequently have a tieced gallery oc circle. Both bave structural potential foc a very wide cange of uses. Indeed of the two the cinemas present the most pcoblems by virtue of their lack of natural light and their sloping auditorium floors. Both cburches and cinema companies were faced with the pcoblem of falling attendances and too many buildings of too large a size.

Here, regrettably, the similarity ceases. The cinema companies appreciated the potential of their properties and adapted them with imagination, skill and vigour. Lacge cinemas were split into several smallec units or were divided into quite aeparate operations, perhaps with cinemas on one level and social clubs, dance halls, cestaurants, bars, cetail premises or arcades on othec levels or in the back stage areas. In other casea the premises have heen totally converted for alternative single oc multiple uses.

It is appreciated that some functions would he unacceptable for church premises hut the availability of natural light enormously increased their potential scope. Pecbaps ona of the reasons for the failuce to exploit this is that chucches have been relatively static and traditional institutions while the entertainmeot industry is inherently geared to cbange and has learnt to appreciate the economics of conversion.

It is incredible how many people who should know better are hlind to the fact that more often than not it is commercially preferahle to convert rather than to demolish and re-bnild. We wock from a ona-time chapel which had pceviously been used as a paint works. We converted it by stages for balf the cost of new purpose-built premises and with a much more favoucable cash flow.

Is it too much to hope that some aimple commercial common sense can he injected into the "byzaotine" process of dealing with redundant churches and chapels described by Gillian Darley?

Malcolm Brocklesby.
Group Northern Design,
Bentley Square, Oulton, Leeds.

Coal picture not so black

From the Board Member for Science, National Goal Board

Sir,—The coal picture is not so black as painted hy David Fishlock (April 10).

Sulpbur emissions from existing power stations, as be says, can be reduced by about 90 pec cent using atack gas scrubbing syatems. These bave been demonstrated to be technically feasible on several large-scale power stations in the U.S. and elsewhere. There are, bowevec, significant economic penalties; the capital cost of the station ia increased hy about 20 per cent, and 10 per cent more coal is consumed for the same electrical output.

In order to retain coal's competitive position in the power generation market, the NCB is actively pursuing development of two new powec generation technologies. These are fluidised bed combustion (FBC) and low calorific value gasification (*LCVG*), both of which have the potential for reducing atmospheric pollution.

Up to 90 per cent of sulphur in coal can be retained by adding an acceptor (limestone or dolomite) to the fluidised bed. Sulpbur is captured as calcium sulphate which is disposed of with ash and unconverted acceptor. Fluidised bed combustion can take place at either atmospheric pressure oc at elevated pressure. In the latter case, use of gas and steam turbines (combined cycle operation) can pcomote an increase in electricity generation efficiency estimated to be equivalent to a reduction in coal requirements of 5 per cent to 10 per cent. Operation at elevated pressure also enbances aome of the advantages of atmospheric pressure operation; sulphuc retention occurs more ceadlly and nitrogen oxide formation is further ceduced.

An alternative method of improving efficiency of powec generation is to convert coal into a clean fuel gas and use this in an advanced combined cycle system. A potential economic advantage over FBC ia the ability to use higher combustion temperatures and advanced gas turbines to give a higher cycle efficiency. These gains are, however, largely offset by loas in efficiancy during gasification. Emissions of sulphur from a gasification combined cycle plant can be *reduced* to a *low level* (less than 1 per cent of the sulphur in coal) hy *cooling* and *chemically* processing the gas. If required, sulpbur can be recovered in solid form for ease of disposal. Some organic nitrogen in the coal is also recovered (as ammonia) in such processes. Formation of NO_x from atmospheric nitrogen, *however*, is a *potential* problem as with conventional liquid fueled gas turbine combustion systems. Some gasification/gas clean-up systems produce considerable quantities of waste watec.

The NCB, supported by the European Community, bas a research programme to develop an efficient gasification system for combined cycle power generation. A joint study between the NCB and CEGB has heen initiated to define proposals to the Government for a pilot plant project *in* this field.

J. Gibson.
National Coal Board,
Hobart House, Grosvenor Place, SW1.

Today's Events

GENERAL

UK: Prime Minister on Robin Day election phone-in, BBC Radio 4.

Amalgamated Union of Engineering Workers' conference, Winter Gardens, Eastbourne.

Electrical, Electronic, Telecommunications and Plumbing Union conference, Conference Centre, Brighton.

Union of Shop, Distributive and Allied Workers' conference, Congress Theatre, Eastbourne.

London Trades Council May Day march.

Mr. Clive Jenkins, Association of Scientific, Technical and Managerial Staffs' general secretary, speaks on union strategy; other speakers include Sir Adrian Cadbury, chairman of Cadbury Schweppes, and Mr. Derek Robinson, Social Science Research Council chairman, at Institute of Personnel Management conference, London (until May 3).

Overseas: Results of Tokyo Round trade negotiations placed before U.S. Congress for approval.

Greenland achieves home rule from Denmark.

Japanese trade mission in Amsterdam.

COMPANY RESULTS

Final dividends: Alginate Industries, Anchor Chemical, Boustead, Central and Sheerwood, Davies and Newman Holdings, Haden Carrier, Minty, Nurdin and Peacock, Roberts Adlard and Co., Shiloh Spinners, Spear and Jackson International, Turriff Corporation, Wadham Stringer, Wire and Plastic Products. Interim dividends: Smith and Nephew (first quarter figures).

COMPANY MEETINGS

Banro Cons., Belfry Hotel, Wishaw, Sutton Coldfield, 12. Kleinwort Benson Lonsdale, 20, Fenchurch Street, EC, 12.

EXHIBITIONS

The Garden Show: an exhibition for the Year of the Garden, Victoria and Albert Museum (until September).

Photographs, old and new, celebrating the 125th anniversary of the opening of Paddington Station, Kodak Gallery, High Holborn, London (until June 1).

Second half fall leaves J. Laing £1.26m down

A SECOND-HALF fall from £8.74m to £7.3m left taxable profits of John Laing behind from £16.02m to £14.76m for 1978.

The figure compares with an interim forecast—when profits were ahead to £7.46m against £7.27m—that profits for the full period would exceed those for 1977.

Sir Maurice Laing, chairman, explains that overseas, the disturbances in Iran cut back the expected profit flow from work there. And, because of the bad weather in the UK, provisions for future losses on certain contracts have had to be made in 1978 figures, to comply with accounting standards.

Last year Laing was reorganised into a construction group and a properties group. Results of John Laing (Construction) are from December 23, 1977 (the date of incorporation) to December 31, 1978, with comparative figures from those activities of John Laing and Son which since the reconstruction have constituted the new group.

Earnings per 25p share are shown as 16.2p (18p) and the directors have declared a final dividend of 1.5p. With the 1p paid by John Laing and Son attributable to the activities now comprising John Laing, total comes out at 2.5p net.

	1978 £000	1977 £000
Turnover	482,400	418,500
Bldg. & engg.	482,400	418,500
Homes	16,400	11,700
Construction mat.	32,200	25,000
Overseas	173,800	83,400
Trading profit	13,397	13,373
Share of associates	1,366	2,642
Profit before tax	14,763	16,015
Bldg. & engg.	8,787	8,513
Homes	1,604	710
Construction mat.	1,879	2,551
Overseas	2,493	4,141
Taxation	5,595	5,429
Minority interests	434	†103
Extraord. debit	3,364	323
Attributable	5,370	5,386

† Loss.

There was an extraordinary debit for the period of £3.36m (£323,000) which included £4m provision, to reduce to £11.3m the book value of trade investments of which the major part comprises shareholdings in Spanish motorway concession companies and the Altech group of companies.

After the dividends cost of £1.34m the amount retained was £4.03m.

See Lex

HIGHLIGHTS

British Home Stores profits are right in line with City expectations at £33.6m—a rise of a quarter, while Tootal has produced some recovery in the second half though it was badly hit by the haulage strike. Most of the running was made in North America and Australia. Laing failed to meet its forecast because of a drying up of profits from Iran and provisions for anticipated UK losses due to bad weather. The outlook is dull. Finally Lex considers the uncertainty surrounding the Fraser family reaction to Charterhouse Japhet's intervention in the Lonrho/Suits affair. Elsewhere Comfort Hotels, and its new subsidiary City Hotels, finish the year just ahead of forecast, while Hunting Associated produces profits 28 per cent ahead. A rescue operation has been arranged for Bank and Commercial and Tricoville gets together with German group, Damatex.

Tricoville in two-way deal with Continental company

WITH LIQUIDITY high and first-half profits well up, Tricoville was in a strong position yesterday to announce a two-way deal with Damatex AG, a member of the Goetz textile group.

Damatex has made a partial offer for 40 per cent of the ordinary shares of Tricoville at 100p each with the British company acquiring all the capitals of Bawatex Textil Gmbh and Trendman Gmbh from Damatex.

Tricoville, which designs, produces and markets fashionwear, believes the transactions will enable it to expand its present activities into West Germany by benefiting from the two companies' established distribution, sales and marketing organisations. Tricoville will also benefit in the UK by entry into the menswear market through co-operation with Trendman.

The British company will pay DM 1.8m cash (£460,000) on completion, followed by an amount equal to three times the excess over DM 700,000 (£179,000) of the consolidated audited pre-tax profits of Bawatex and Trendman for the year ending July 31, 1980, provided that the total price does not exceed DM 3m (£765,000).

If the net tangible assets of the two companies exceed £179,000 on December 31, 1980, the initial payment will be increased to £485,000, and if they exceed £204,000 the payment will be £510,000. The overall price would remain unchanged.

The Damatex bid is a general offer to all shareholders on a priority basis and if applications exceed 40 per cent, allocations will be scaled down accordingly. Should overall applications be less than 40 per cent, the two directors with a majority holding in the company have undertaken to make up the difference.

These two directors, chairman Mr. D. A. Jacobs and managing director Mr. E. D. Kessly, currently hold around 60 per cent of the stock, so a 40 per cent sale would reduce their holding to 36 per cent.

The deal has been agreed by the Panel on Takeovers and Mergers but awaits exchange control clearance from the Bank of England.

In the six months to January 19, 1979, Tricoville has increased its pre-tax profits by 31 per cent to £415,000 with sales unchanged at £4.84m. The interim payment is held at 0.675p net per share and the chairman is confident the full year will show a record surplus for the ninth successive year. Pre-tax profit last time was £714,000 on sales of £8.79m.

● **comment**

Tricoville's share price responded to the Damatex offer with a 12p jump to 92p and the enthusiasm looks justified. The acquisitions would add around £6m to Tricoville's turnover and could be financed without any strain as the company has a borrowing facility with banks of £1.3m. Tricoville has been looking for expansion targets abroad for some time and, with Sterling still fairly cheap and the Mark holding up, sales penetration of the West German market seems feasible. The Goetz family holding in Tricoville should add a little international instre and the company emphasises that management control will remain with the present directors. Tricoville's U.S. sales subsidiary is being established very slowly and will take a back-seat to European plans this year. Even after today's announcement Tricoville remains a liquid company and is negotiating further expansion plans in one or two areas. The pre-tax margin has risen to 8.5 per cent from 6.6 per cent and the flat sales performance is accounted for by a run-down of trading levels in one division.

ISSUE NEWS

Rockwell seeks London quote

BY ARNOLD KRANSDORFF

APPLICATION HAS been made for the shares of Rockwell International, the 36th largest industrial corporation in the U.S., to be listed on the London and Frankfurt Stock Exchanges.

Dealings are expected to begin in mid-June. Arrangements for the listing in the UK are being made by S. G. Warburg.

News of the application comes just 11 days before the expiry date of Rockwell's 115p a share offer—worth £24m—for Wilmot Breedon, the UK engineering group with large interests in motor component manufacturing.

Mr. Robert Anderson, Rockwell's chairman and chief executive officer, said in London yesterday that the company wanted the listings in order to gain a much greater corporate exposure.

In addition, they provide a broader market for the company's stock. He said that there had been some institutional interest from, for example, pension funds.

There were no immediate plans to borrow in the European money markets, he added, although this remained a possibility for the future.

Mr. Anderson said the bid for Wilmot Breedon and the listings were not connected in any way although both had the purpose of expanding the company's overseas interests.

At present, EEC countries account for most of Rockwell's overseas sales—amounting to a fifth of the group's total turnover of $5.74bn in 1978 on which net income was $176.6m.

In the first quarter of the current year Rockwell's sales amounted to $1.51bn ($1.32bn) and net income was $64.7m ($40.1m).

Rockwell also has interests in $1.9bn contract from the National Aeronautics and Space Administration (NASA) to build four space shuttle aircraft for the next U.S. manned space-flight mission.

Rockwell also has interest in motor components, calculators, electronic equipment and power tools.

MIDLAND BANK STATISTICS

Statistics compiled by Midland Bank show that the amount of "new money" raised by the issue of marketable securities in the UK in April was £49m, compared with £69.7m in the corresponding month of 1978, and a considerable drop on the previous month's total of £89.5m.

Twelve issues by companies, all made by way of rights, raised £40.2m. Fifteen bond issues by local authorities raised £8.8m.

So far this year, issues have amounted to £267m against £225.7m in the first four months of 1978. Companies have, this year, accounted for £234.9m or 88 per cent of the total with rights issues representing 91 per cent of company issues.

BHS moves ahead 25.3% to best-ever £33.6m

ON SALES 18.5 per cent higher at £324.2m, pre-tax profits of British Home Stores moved ahead by 24.3 per cent from £27.02m to a record £33.58m for the 52 weeks to March 31, 1979. Profit margins improved from 9.9 per cent to 10.4 per cent.

At the interim stage, the surplus was ahead 24 per cent from £8.41m to £10.43m.

Group sales were split as to:—merchandise up 25.3 per cent to £247.19m, food down 4 per cent to £58.85m, and restaurant up 21.5 per cent to £18.16m. The drop on food sales reflects the removal of the department from 25 stores progressively during the year.

After reduced tax of £10.97m (£12.4m) net profits expanded from £14.63m to £22.61m. There were extraordinary credits of £241,000 against £147,000.

With stated earnings per 25p share up by 7.79p to 22.1p, a final dividend of 3.9p lifts the total payment from 6.2729p to the maximum permitted 7p net, absorbing £7.17m (£6.43m).

	1978-79 £000	1977-78 £000
Sales	324,192	273,589
Merchandise	247,185	197,314
Food	58,850	61,314
Restaurant	18,157	14,941
Depreciation	5,749	4,721
Pensions	2,054	949
Employees sh. scheme	500	300
Associates loses	238	221
Net interest received	900	943
Profit before tax	33,578	27,022
Tax	10,969	12,395
Net profit	22,609	14,627
Extraordinary credits	241	147
Dividends	7,174	6,426
Retained	15,676	8,348

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
British Home Stores	3.9	July 2	3.47	7	6.27
Canadian and Forgn. Inv.	2.7	July 9	2.35	4.2	3.6
Clyde Petrol	1.12	July 2	1	1.12	1
Comfort Hotels	0.22	—	*0.23	*0.37	*0.33
Chas. Hill	2	July 2	5.26	2	7.26
Hunting Associated	1.44	—	*1.07	*2.44	*1.98
Jersey Electric	8	May 26	7	12	11
M. Mole	0.41	Oct. 1	0.41	0.41	0.41
Scots. Heritable	0.76	—	*0.47	1.23	*0.9
Stylo Shoes	1.92	—	‡1.75	1.92	1.75
Tootal	2.04	July 2	1.82	3.04	2.72
Tricoville int.	0.68	July 2	*0.68	—	*1.76
Wellco int.	0.4	June 15	0.18	—	1.13

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes additional 0.02606p now payable.

B. AND Q. (RETAIL)

The expected offer-for-sale of 25 per cent of the capital of B and Q (Retail), the Southampton-based home improvement retail group, will be made on May 24.

£0.74m loss for Chas. Hill

Charles Hill of Bristol reports a pre-tax loss of £740,336 in 1978 compared with a £48,090 profit last time, on lower turnover of £13.45m, against £14.13m. And the net dividend is cut from 7.26p to 2p.

At midway, there was a loss of £500,000 (£29,000) and the directors said the half-yearly figures appeared much worse than they expected them to be by the year-end.

In 1978, trading losses of business sold totalled £787,855. Profit on continuing business was £7,879 compared with £163,209 previously. There was an interest credit of £29,511 (£8,012 debit). Share of associated companies' profit rose from £2,338 to £10,129.

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There was a loss per £1 share of 62p this time, compared with earnings of 1.7p. Last time, there was an extraordinary credit of £487,631.

The group's interests include civil engineering, building and textured coatings, plant hire, property development and ship-repairing.

UNICORN

Unicorn Industries announces that acceptances for the rights issue of 5,848,214 ordinary shares at 100p per share have been received in respect of 5,516,822 ordinary shares (94.3 per cent).

The ordinary shares not taken up have been sold for the benefit of the holders who did not take up their entitlement.

Bank and Commercial's capital reconstruction

A COMPLEX rescue operation which includes a reduction in share capital and a subsequent rights issue to raise £790,000 gross is being proposed by Bank and Commercial Holdings, the troubled property group.

The company also announces that it incurred a revenue deficit of £222,000 for the 12 months ended October 31, 1978, compared with a loss of £490,000 for the previous 19 months—and that the latest accounts have been qualified for the second successive year.

The proposals include the reduction of share capital to £197,000 by reducing the nominal value of the 10p shares to ¼p and consolidating the resulting shares into 789,736 ordinary shares of 25p each.

The rights issue, designed to eliminate borrowings, will be of 3.16m shares of 25p each on the basis of four-for-one at 25p per share.

The issue will be underwritten by Hallwood Metropolitan Holdings, a private company owned by Mr. A. J. Gumbiner, and Mr. B. M. Troup.

Following the capital reconstruction, the company will apply to a court of law to stay the liquidation of Calgary and Edmonton Land Company. The company says this will free Calgary's assets and gross income of around £90,000 per annum and ensure a return to the dividend list.

If all proposals are passed at an EGM on May 21, and sanctioned by the court, the directors believe that the company will return to profitability. However, they do not anticipate that the profits will be substantial unless the liquidation of Calgary has been stayed.

Under an agreement with Hallwood, the company has reduced its debts by some £460,000. In return, Hallwood will be granted an option to subscribe for 500,000 shares at par and up to a further 500,000 shares at market prices prior to the issue of such shares. The option is exercisable in whole or in part within three years.

Arrangements have also been made to place with a number of institutions 6.5m shares purchased by Hallwood and previously held by Mr. M. S. Birrane, a former vice-chairman.

Bank and Commercial's share price was unchanged last night at 7½p after 10p at one stage.

KENMARE OIL

Kenmare Oil Exploration is offering shareholders and warrant holders 1,268,571 ordinary shares of 25p each (Irish currency) at par by way of rights in the proportion of two new shares for every seven shares or warrants held.

Cluff Oil and certain affiliated companies have undertaken to take up about 48 per cent of the shares offered, the balance being underwritten by Messrs. Dudgeon.

Mentmore moves up to £0.65m

SECOND HALF profits of Mentmore Manufacturing improved from £383,160 to £438,830 taking the total up from £534,424 to £655,219 for the year ended January 31, 1979.

Mr. Christopher Andrews, chairman of this writing instrument and plastic mouldings group, says the group has had another successful year marketing Platignum products which has led to increased profits and substantially higher margins. Sales improved from £9.34m to £9.87m.

The chairman explains that both the group's economy lines and luxury range have contributed to this growth, and benefits are now being reaped of a programme of development and diversification, particularly in the writing instrument sphere.

"We shall continue testing new fields, and we anticipate an exciting and buoyant period ahead," he states.

After tax of £354,262 (£293,552), the net profit came out at £300,957 compared with £240,872. A provision of £324,935 for deferred tax is written back.

The dividend is increased from 0.92p to 1.01p, with a final of 0.85p.

OBITUARY

Rodney Clarke

Mr. Rodney Clarke, of Godalming, Surrey, chairman of H. Young Holdings, died at the weekend after a short illness. He was 63, and left a widow and two children.

Mr. Clarke was well-known in motor racing circles in the 1950's, and developed the first successful British Formula 1 car.

With his family Mr. Clarke held a 45.3 per cent stake in the company. He has been succeeded by Mr. P. C. Vardy as chairman.

Hunting Associated rises to £5.9m—plans dividend boost

WITH PROFITS, before tax, showing an advance of 28.3 per cent for 1978, Hunting Associated Industries, the aviation support and engineering group, is planning to step up its dividend by 23 per cent, subject to Treasury consent.

In the second six months profits increased from £2.59m to £3.4m, taking the year's total up to a record £5.9m, compared with £4.6m. The result includes for the first time a share of the profits of the associate Hunting Petroleum Services which the directors say did not quite come up to expectations. The contribution from associates is shown at £423,000 against £90,000.

The current year has got off to a difficult start in the UK with bad weather and transport strikes affecting more than one of the companies. However, the directors expect that trading profits for the year will show some advance on 1978. The return from overseas should also improve.

The directors state that subject to Treasury consent the group's improved profits should enable it to take advantage of the partial relaxation in dividend controls. An increased final dividend of 1.44p is proposed which would effectively raise the total from 1.98193p to 2.44p.

After tax—the deferred element provided in accordance with SSAP 15—and minorities, and taking in an extraordinary item of £1.59m, being a gain on the sale of freehold premises, the year's group net balance comes through at £5.8m against £3.41m.

Basic earnings before the extraordinary item are stated at 34.69p (28.67p) and at 26.01p (21.5p) diluted in respect of the deferred shares.

● **comment**

Hunting Associated's 28.3 per cent pre-tax profit increase contrasts with the disappointing result from associate Hunting Petroleum last week. The third member of the loose triumvirate, Hunting Gibson, reports later this week. HA's improvement is based on a 46.4 per cent jump in profit contribution from the aviation support division where increased light aircraft sales in Canada plus a good performance in the UK operations helped. The engineering division, despite a 32 per cent jump in sales to £54.7m (roughly 53 per cent of total sales figure) turned in profits similar to 1977. The UK subsidiaries, particularly those involved in defence business did well but expansion here was offset by a poor performance from the Dubai plastic activities and a slight downturn in South Africa. Sales growth from the relatively small resource surveys and photography division was slim and profits dropped as margins were squeezed. Profits in the opening months of 1979 have been hit by the bleak weather and the lorry drivers' strike but trading since then suggests a reasonable improvement for the year. The shares edged up 5p to 230p yesterday giving a stated p/e of 8.8 and a yield of 1.6 per cent.

Transport strike holds back Tootal to £21m

WITH THE transport strike and other outside disputes having a serious effect on UK operations in January, Tootal, the thread and textile group, reports pre-tax profits marginally lower at £21.1m compared with £21.77m, for the year ended January 31, 1979.

At the interim stage profits were down at £8.04m (£8.84m) but the directors said that better order books indicated improved profits for the rest of the year. The directors state that without the effect of the strikes there was an encouraging improvement in the group's UK operations in the second half.

Mainly reflecting a fall from £15.45m to £13.96m by the UK textile activities and a loss on the non-textile side, the UK group's trading profit showed a reduction from £16.82m to £15.43m and more than offset the increase achieved by the overseas textile activities.

The group pre-tax profit included £3.14m in respect of Bradmill Industries and was struck after higher interest of £7.98m against £6m. The results of those Australian activities sold to Bradmill Actil and Tootal Australia have been included in trading profits for Australasia for 10 months—the contribution from this territory was shown to be up from £2.53m to £3.29m.

The directors say that the effect of the disruption in January will continue to be felt in the first half of 1979. However, the multi-fibre agreement is now beginning to assist the textile industry and there are encouraging signs of increasing activity.

The directors expect improved pre-tax profits and a reduction in financial gearing in the current year.

Earnings per 25p share are stated to be down from 8.1p to 7.6p. The dividend is increased from 2.7238p to 3.0415p net, with a final of 2.0415p.

During the year capital expenditure, net of grants, showed an increase from £11.4m to £15.1m. It is expected to be lower in the current year—in the £10m to £12m range.

The directors explain that of the increase in interest charges, £1.2m related to Bradmill arising both on borrowings to finance the investment and the group share of Bradmill's own borrowings. The effect of interest rate changes overall was not significant and much of the remaining increase is accounted for by expansion abroad and higher UK capital expenditure.

Revaluations of group properties during 1978-79, which have been adopted in the accounts, resulted in an increase in book values of £10.3m. Shareholders funds at January 31, 1979, stood at £129.5m against £108.2m and net borrowings totalled £65.2m (£54.8m).

	1978-79 £000	1977-78 £000
External sales	401,384	361,191
Trading profit	27,948	28,459
UK textile	13,961	15,448
Retail	1,511	1,110
Non-textile loss	43	1258
North America	4,230	3,580
Africa	2,302	2,901
Asia	2,269	2,123
Australasia	3,285	2,525
Europe	333	533
Bradmill	2,142	—
Other associates	934	928
Central expenses	1,932	1,613
Profit before interest	29,082	27,774
Interest	7,982	6,000
Profit before tax	21,100	21,774
Taxation	0,976	7,073
Net profit	14,124	14,701
Minorities	522	197
Extraordinary items	1,352	—
Attributable	14,954	14,504
Preference divs.	208	206
Ordinary	5,389	4,872
Retained	9,358	9,425

† Profit.

The directors point out that the basis for valuing certain stocks of the American Thread Company has been changed from LIFO to FIFO. The effect has been to reduce profits for 1978-79 by £0.1m and to increase stocks and reserves at February 1, 1978, by £5.4m.

In January 1979, the group purchased a New York company called Ups 'n Downs. Its net assets at January 31 last are included in the group balance sheet but the profits are excluded from the accounts.

If profits from overseas activities for 1978-79 had been converted at 1977-78 exchange rates, profit before interest would have been £453,000 higher and profit before tax would have been greater by £315,000.

See Lex

Wellco up to £0.37m midway

TAXABLE PROFITS of Wellco Holdings, electrical distributor and manufacturer, rose from £291,393 to £365,313 in the six months to December 31, 1978, on higher turnover of £4.16m compared with £3.53m.

Mr. Robert Lamdin, chairman, says full-year profits should show an improvement on the £645,219 last time.

At the trading level, the electrical distribution and manufacturing operations maintained their growth with profits up 34 per cent to £341,986. Industrial property development's trading surplus decreased from £62,500 to £34,400, but the chairman points out that industrial property profits are taken only at the time of sale of completed and tenanted developments.

Half-yearly tax took £189,963, against £154,524. The interim dividend is stepped up from 0.175p to 0.4p partly to form a better proportion of the total payment—last year's total was 1.125p. There was a 4-to-11 rights issue in May, 1978.

	Six months 1978 £	1977 £
Turnover	4,163,459	3,528,831
Electrical	4,083,459	3,210,440
Industrial prop.	80,000	318,391
Trading profit	376,409	319,277
Electrical	341,986	255,782
Industrial prop.	34,423	62,495
Interest	11,066	26,884
Profit before tax	365,313	291,393
Tax	189,963	154,524
Net profit	175,360	136,869
Extraord. surplus	—	15,126
Attributable	175,360	151,995

Ladbroke hearings are set for June 14

BY JAMES BARTHOLOMEW AND WILLIAM HALL

THE HEARINGS of applications by the Ladbroke Group for renewal of its London casino licences start today but will be adjourned to June 14 said Mr. Cyril Stein, the chairman, introducing the company's 1978 annual report yesterday.

Mr. Stein repeated his earlier statements that the police objections were on the grounds of alleged "technical breaches" of the law and that his legal advisers thought they could be overcome successfully. He refused to say what the alleged breaches are.

He declined to answer certain questions relating to newspaper articles about the casinos which have appeared in recent months. But he confirmed that Mr. Andreas Christensen had privately been employed on the marketing side of the casino division and that he had been sacked in 1977. The reason involved the references supplied by Mr. Christensen, said Mr. Stein.

Casino profits in 1978 had been "exceptional" he said, although the division was again doing well this year. He ascribed its strong performance to the casino's location, the wide provincial spread, and success in attracting overseas clients. He declined to reveal the proportion of profits coming from the casinos, which are widely thought to be the largest single source of Ladbroke's profits.

In the annual report, Mr. Stein writes that Ladbroke casinos "have brought new standards to the industry and have achieved a pre-eminent reputation." Additional casinos are planned for Bristol and Newcastle.

Profits of the non-casino divisions would "materially increase" this year, said Mr. Stein. The hotel, holiday and entertainment divisions increased their share of the profits last year. Taking this into account, together with the expansion of the hotel operations and the planned profit of the property division, 1979 was likely to produce "a new pattern of profits earned." The value of the group's property would be over £100m when projects in hand were completed.

The accounts show that, during 1978, shareholders' funds rose from £52.7m to £90m, fixed assets from £57m to £101m and current assets from £33.9m to £48.4m. Capital expenditure reached £44m last year.

Foreign currency accepted by the London casinos amounted to £49m in 1978, an understatement of the true position, said Mr. Stein, because the figure ignored overseas funds which had been changed into Sterling before the customers came in.

As already announced, Ladbroke's profits in 1978 were £41.4m on turnover of £469m.

● comment

Shareholders that have not been following the recent publicity about police objections to the renewal of Ladbroke's London casino licences, could be forgiven for thinking that it is no more than a "little local difficulty." The company makes scant mention of it in the report and accounts apart from saying that the objections will be "successfully resisted" in the view of its legal advisers. The company is not saying how much it made from its London casinos but assuming the retail betting side made £9m in 1978 then the casinos could well have made over £20m. Given that over 80 per cent of the casino profits are generated by the four London casinos — the threat of lost London licences must be taken seriously. The company has said that its non-casino interests are capable of earning £28m in the current year and little profit has been taken so far on the large property portfolio. If the group does not lose any casino licences the shares must be in for a rerating. At 222p they sell on just over five times historic earnings and the yield could easily double to over 10 per cent if dividend restraint ends.

Bemrose now forecasting modest rise

Mr. David Wigglesworth, chief executive of the Bemrose Corporation warns that the significant profit advance that had been anticipated for 1979 will now be a more modest one.

Bemrose is "continuing to seek investment opportunities for expansion in selected business areas, both through organic development and by acquisition," states Mr. Wigglesworth. The group is a Derby-based printing, packaging and publishing organisation.

The level of expenditure in developing both present and planned business activities continues to grow. Last year a record £3.6m was invested in plant and buildings and a similar amount of capital expenditure is expected in 1979.

As already reported group profit, before tax, climbed 35 per cent to £2,402,000.

Turning to the future, Mr. Wigglesworth informs shareholders that, since the preparation of the 1979 plan last autumn some important assumptions on which it was based have had to be changed. The events of the winter are leading to a higher rate of inflation than had been predicted and industry is now faced with high pay awards together with rapidly rising costs.

Harris & Sheldon sees progress

GIVEN a reasonable trading background Mr. J. D. Miller, chairman of Harris and Sheldon Group, is forecasting a year of further progress in 1979.

Prospects for Antler (luggage), which continues to further its position despite foreign competition, indicate more growth while Desmo (vehicle accessories) should again move ahead. For English Rose Kitchens the market is still somewhat depressed but Mr. Miller feels that the year should see this subsidiary heading towards the enlarged targets set when improved manufacturing facilities were originally planned.

Referring to Hardy Brothers (Alnwick) — fishing tackle — the chairman says that although markets are still far from buoyant, former levels of profits could be achieved in the current year.

A severe recession in the sporting gun market left Webley and Scott with a loss of some £500,000, as forecast. A major reorganisation together with new products to be launched this year should yield a better result but the chairman says it is unlikely that this subsidiary can be brought back to profitability before 1980.

Prospects for the group's largest subsidiary, Evans Lifts, are encouraging and profits should be maintained. The outlook for Evertaut (office and factory seating) is promising but for Harris and Sheldon Display an improvement will be harder to achieve, states Mr. Miller.

He forecasts further progress for both Joseph Billingham (commercial vehicle body fittings) and Wm. Wadsworth (heavy-duty goods lifts) while the position of A. S. Toone (veneered panels) could at least be maintained in 1979.

As reported on March 9, group pre-tax profits increased from £3.44m to £4.04m in 1978. Since reaching over £6m at mid-year borrowings have been gradually falling and this trend will carry on during 1979. At the year end the overdraft stood at £3.35m.

Meeting Meriden (Warwicks) May 24 at 3 pm.

Scottish Heritable tops £1m

AS EXPECTED, second-half profits of Scottish Heritable Trust exceeded those of the first six months, and 1978 finished with the taxable surplus well ahead at £1.09m compared with £564,937 previously.

As midway, profits rose from £253,000 to £401,000 and the directors expected second half results to exceed those of the first.

Turnover for the year expanded from £10.06m to £14.99m. Tax took £11,465, against £28,026, and minorities this time totalled £209,168. There is an extraordinary debit of £214,637 compared with a £49,578 credit previously.

Earnings per 25p share are shown to have risen from 8.74p to 14.21p, and the net total dividend is effectively lifted from 0.5935p to 1.232p with a 0.756p final. A one-for-three scrip issue is also proposed.

The group's interests include property and investments, carpets and floor covering, and hairdressing supplies.

PACOL

The Board of Pacol, commodity merchants and member of the Gill and Duffus Group, has decided to increase the authorised and fully paid up capital of the company from £3m to £5m by capitalisation of £2m reserves.

Mole's second half loss —irregularities shown

CONTRARY TO the midway forecast of continued progress M. Mole and Son, maker of hand tools, ran into a loss of £48,697 in the second half of 1978. The directors also reveal that during the preparation of the parent company's accounts for the year serious accounting irregularities became apparent.

They state that an investigation showed that stocks and work in progress had been overstated in previous accounting dates and that further adjustments were required to debtors and creditors shown in the previous accounts.

The group pre-tax profit for 1978 amounts to £26,053 after £101,750 in the first six months. It compares with £94,406 for the previous year. The profit—struck after loan interest and finance charges of £73,062 (£60,958)—was achieved from turnover of £1.88m (£1.48m). Earnings per 20p share are stated at 2.01p (3.3p) and the net dividend is held at 0.4125p.

The directors explain that as the stocktaking records for earlier years have been destroyed the quantities and state of completion of certain stocks and work in progress have been recomputed from production and sales records. The resultant quantity deficiencies for the two previous years have been evaluated at the stock prices appropriate to those years.

In addition, the directors state, the policy of showing the excess of the loss of a subsidiary attributable to the minority holders over investment, as an asset in the accounts has now ceased. The adjustment resulting is shown as a prior year one together with the balance of deferred tax written back in 1978.

Adjustments to the accounts are as follows:— Over valuation of stocks and work in progress £96,523 (£95,425); adjustment to debtors and to creditors £23,760 (£23,760); accumulated losses attributable to minority shareholders of a subsidiary £25,102 (£17,171); and deferred tax balance no longer required nil (credit £43,205).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Finals—Algiats Industries, Anchor Chemicals, Boustead, Central and Sheerwood, Davies and Newman, Hardon Carrier, Minty, Nurdin and Peacock, Roberts Adlard, Spear and Jackson, Tern-Consulate, Turner Corporation, Wadham Stringer, Wire and Plastic Products.

FUTURE DATES

Interims—

Aktord and Smithers ... May 9
Avon Rubber ... May 2[illegible]
Haworth (J.) ... May 2
Williams (John) of Cardiff ... May 22

Finals—

Stocklake ... May 3
Hunting Gibson ... May 3
Prince of Wales Hotels ... May [illegible]
[illegible] ... May 10
Shaw (Francis) ... May 4
[illegible] Group ... Jun. 7

BLDG. SOCIETIES TO MERGE

Members of the South Shields-based Nelson and Premier Building Society have agreed to the proposed merger with the Sunderland and Shields Building Society. Subject to confirmation by the Chief Registrar of Friendly Societies the merger will take place on July 1.

£0.64m profit downturn at Clyde Petroleum

MINING LOSSES and no petroleum product sales in Ecuador this time were mainly responsible for the fall in profits at Clyde Petroleum in 1978.

Pre-tax profits were down from £1.68m to £1.04m, on higher turnover of £15.06m, against £11.23m.

Mining losses of £314,000 were incurred in 1978 compared with a £84,000 profit last time. And the directors explain that in 1977 a £636,000 surplus was earned from petroleum products in Ecuador, an activity which did not take place in the year under review.

Tax in 1978 took £425,000 compared with £922,000. The dividend is stepped up from 1p to 1.1166p per £1 share.

After higher exchange losses of £424,000 (£173,000) because of the strength of sterling, and lower minorities of £19,000 (£132,000), attributable profit came through at £214,000 against £712,000.

The company's shares are traded under Rule 163(2).

	1978 £000	1977 £000
Turnover	15,056	11,227
Trading profit	1,215	1,975
Profit before tax	1,044	1,675
Tax	425	922
Net profit	619	753
Exchange losses	424	173
Minorities	19	132
Attributable	214	712
Dividend	81	69
Retained	133	643

Of the prospects for the current year, Mr. W. Gibson Biggart, chairman, says an active North Sea and UK onshore exploration programme will continue. Further progress is anticipated in Ecuador.

Since the year-end, the group's interests in the Reggente and Santa Caterina gas fields have been sold—subject to Italian ministerial approval — for £640,000; the book value at December 31, 1978, was £268,000.

He says that, in the U.S., problems still have to be overcome with the group's coal mining subsidiary. But the market position is expected to improve, which should help the Board to decide whether or not to continue U.S. coal mining on a long-term basis.

He views the outlook over the next few years with confidence.

Group fixed assets are £2.89m (£2.92m), and net current assets are £5.65m (£5.82m). Working capital decreased by £264,000 (£806,000).

Meeting, Glasgow, May 18 at 11 am.

Caledonian Airways expansion

The Caledonian Airways group, which includes British Caledonian Airways, earned a record trading profit of £13.3m for the year to October 31, 1978.

This was over £3.8m more than in the previous year. Total group revenue was nearly £177m; more than £18m up on the previous year.

The group comprises British Caledonian, Blue Sky Holidays, Caledonian Hotel Management and Caledonian Airmotive, the Scottish-based aero-engineering company which will start trading in 1980. Last week the group bought Ferranti Helicopters.

British Caledonian Airways itself earned a trading profit of over £9.9m, on a revenue of over £163m. It carried 1.9m passengers, of which nearly 1.4m were on scheduled services.

MINING NEWS

Noranda has a buoyant first quarter $73m

BY KENNETH MARSTON, MINING EDITOR

CONTINUING the story of sharply higher first quarter earnings from the base-metal mining industry, Canada's Noranda checks in with a March quarter net profit of C$73.1m (£31.1m), or C$2.65 per share, reports John Soganich from Toronto. This compares with only C$14.7m in the first quarter of last year when the company's U.S. aluminium plant was closed.

Commenting on buoyant conditions in the 1979 first quarter, the directors say: "The strengthening trend which began last year in the world prices of certain commodities has accelerated, while the value of the Canadian dollar relative to U.S. currency has remained relatively low."

The increased cash flow from operations together with the recently completed mergers have further strengthened Noranda's financial position. Net working capital increased by C$88m during the quarter and borrowing costs were substantially less than in the same period of a year ago.

The directors add that "If conditions remained as they were during the first quarter, Noranda would have a good year in 1979. However, the Canadian dollar has been strengthening, strong markets may not continue if economic forecasters are correct in predicting a U.S. recession, and Noranda's collective bargaining calendar this year is a heavy and difficult one. Nevertheless, while there is reason to be cautious, the present outlook appears much better than anything faced for some time."

Of the past quarter's net income of C$80.6m, mining and metallurgical operations contributed C$57.1m; manufacturing C$9.8m; and forest products C$13.7m. The improvement in the key mining-metallurgical sector was despite the long strike at the big Gaspe copper complex in eastern Quebec. The improvement was largely the result of higher prices for copper, zinc, molybdenum and precious metals. Rising prices also resulted in "significant inventory gains."

Meanwhile, Noranda's 64 per cent-owned Brunswick Mining and Smelting reports a first quarter profit of C$14.3m compared with C$4.2m a year ago.

The Province of New Brunswick is to pay the cost of the company's engineering and feasibility studies for a 100,000 tonnes per year zinc plant in the province. They will be carried out over the next two years.

Another transatlantic metals giant, America's Phelps Dodge, has lifted first quarter net income to $14m (£6.8m), or 61 cents per share, from $7.4m a year ago. Increased sales of copper were made at higher prices while the manufacturing business continued to do well. But a $2.9m pre-tax loss was sustained by the Western Nuclear subsidiary which sold a large proportion of production under old, relatively low priced contracts.

Until it was realised that South African Mines minister Fanie Botha had misread a report, Johannesburg was ringing to the tune of "I've Got a Loverly Bunch of Coconuts" yesterday, reports Jim Jones.

Mr. Botha was quoted as saying in Parliament that a new gold recovery process developed in South Africa would save thousands of millions of rands in gold recovery costs. This should have been "thousands or millions of rands."

The process recovers gold from low grade feeds by occlusion on charcoal produced from coconut shells—coconut shells are needed as the carbons have to be hard. South Africa imports its coconuts, so research continues on developing a carbon pulp process based on plentifully available peach stones.

Although a similar recovery process is to be installed at Union Corporation's developing Beisa mine on the OFS, it is currently applied only on a small scale.

The process may not be as important as Mr. Botha had believed. It does have the advantage that it could be used for gold recovery from old sand dumps which are currently not being retreated because of necessary milling costs.

For low grade recovery operations, the process is relatively cheap. Costs are quoted at about R2m (£1.15m) for a 55,000 tonne per month plant—half the cost of a conventional gold filtration plant. But South Africa has a problem. If the supply of coconuts dries up, mining house executives could find themselves vying for position at coconut shies.

NBH recovery continues at nine months

North Broken Hill (NBH), the Melbourne base metals and investment house, yesterday announced a sharp increase in profits for the first nine months of the financial year, thus emphasising the strength of the recovery which was already apparent at the half yearly stage.

Net income for the nine months to the end of March was A$11.85m (£6.26m) against A$5.6m in the same period of 1977-78. Pre-tax mining profits rose to A$15.6m from A$6.3m, while net investment income was A$5.7m against $A2.7m.

The group sold more lead, silver and zinc than in the comparable period of 1977-78, and the higher mining profit arose largely because of the better prices for lead and silver. It was also possible to reduce the zinc concentrates stockpile by 24,000 tonnes.

NBH's main investments are 12 per cent of Alcoa of Australia, 30 per cent of Broken Hill Associated Smelters, and 30 per cent of Kembla Coal and Coke. Consolidated Gold Fields of London is the biggest single shareholder in NBH, holding about 10 per cent. NBH shares yesterday were 108p.

ROUND-UP

Pahang Consolidated, the Malaysian tin producer, is passing its interim dividend after making a net profit in the six months to January of M$139,000 (£31,000), down from M$1.3m in the same period of 1977-78. Mining operations slipped into deficit as costs increased and production dropped.

* * *

Hudson Bay Mining and Smelting, the Canadian unit of Anglo American Corporation of South Africa, has returned to the dividend list with a quarterly payment of 20 cents (8.5p), after a break of 12 months. In the 1979 first quarter net profits were C$3.3m compared with a loss of C$1.6m in the same period of 1978. Inspiration Copper, in which Hudbay has a 50 per cent stake, has moved back into profit.

* * *

The state-owned Development Bank of the Philippines is taking a controlling stake in Western Minolco, the copper producer which in March had its first profitable month since 1975. Shareholders have voted to increase the company's authorised capital. The Bank rescued Western Minolco from near-collapse last year.

MINING BRIEFS

NEW GUINEA GOLDFIELDS—Quarterly production figures—March, 1979: Golden Ridges Mill: Long tons ore treated 32,818. Fine gold produced (oz) 808.7. Fine silver produced (oz) 577.0. Edie Creek Alluvials: Fine gold produced (oz) 57.8. Fine silver produced (oz) [illegible].

WITWATERSRAND NIGEL—Quarter to March 31, 1979: Ore milled 70,200 tonnes (previous quarter 70,900). Pre-tax profit R89,678 (R96,085). Tax R7,000 (R17,300). Capital expenditure R38,857 (R36,367).

BIDS AND DEALS

Louis Edwards rights to finance acquisition

Louis C. Edwards, the Manchester meat process group now managed by Mr. James Gulliver, yesterday announced further developments in its reconstruction.

Reporting an operating loss before tax credit of £344,000 for 1978, compared with a profit of £207,000 in 1977, the company declared that it is acquiring for at most £1.8m the privately owned Yorkshire Biscuits and financing most of the purchase through a rights issue. The balance will be provided by internal cash resources and *existing bank facilities*.

Terms of the rights are one for two at 25p, a healthy discount on yesterday's closing price of 65p.

Gulliver Foods and the Edwards family, which between them *own* 85.4 per cent of the company's shares, have agreed to take up their entitlements in full. The remaining 14.6 per cent has been underwritten by Charterhouse Japhet and Noble Grossart.

Yorkshire Biscuits manufactures a range of quality biscuits under the Bronte and Yorkshire Biscuits labels at Haworth in Yorkshire. Profits before tax for the six months ended March 31, 1978, were £158,000 on sales of £802,000.

Consideration for the acquisition consists of £1m in cash on completion this month, and subject to pre-tax profits for the current year being not less than £400,000, the further consideration of £800,000 shall be reduced by £3,000 for every £1,000 of that shortfall subject to the further consideration payable being not less than £500,000.

The acquisition is the first step in the company's avowed policy of expansion within the food processing sector and follows the purchase of *20 per cent stake by* Gulliver Foods in February.

Commenting on the results, the acting chairman Mr. D. G. C. Webster points out that the operating loss includes £222,000 in respect of the canned meat activity which is now discontinued.

Extraordinary items (shown after a tax credit of £172,000) of £572,000 comprise provision for losses in connection with the closure and costs in connection with the retirement of certain directors and reorganisation.

Net assets at the end of 1978 stood at £520,000, compared with £1.3m after provision for deferred tax at end 1977. Deficit per share is shown as 2.02p (1.28p earnings) and as anticipated in January there is no dividend.

Mr. Webster says the liquidity position will benefit from the realisation of assets amounting to £1.1m.

GRE MOVE

Guardian Royal Exchange Assurance, together with 15 other international insurance groups, has formed a multinational insurance arrangement aimed at providing a comprehensive world-wide employee benefit service.

Because of the various local customs, tax laws and other legislative requirements, an international company has to insure the benefits provided to employees in that country on local rates and policy conditions. Under this arrangement this insurance would be handled by one of the international insurance companies in the network and by such an arrangement the costs can be reduced considerably. The network can also provide a common approach to underwriting and where permissible the transferability of benefits between countries. This network covers 64 countries.

ICI BUYS OUT THAMES HOUSE

Imperial Chemical Industries has bought from Prudential Assurance the 25 per cent of the capital of Thames House Estate it does not already own.

Consideration is the issue to Prudential of £2m of nominal ICI ordinary stock.

Thames House Estate which maintains and leases office accommodation in Thames House, turned in pre-tax profits of £1.3m (£1.18m) for 1978. In the company's latest annual report the directors say that in their opinion the market value of the freehold land and buildings is not less than £25m, against a balance sheet figure of £2.4m.

CALEDONIAN HLDGS.

Comet Radiovision Services announces that acceptances of its offer for Caledonian Holdings together with Caledonian shares owned or agreed to be acquired by Comet during the offer period, now represent 95.8 per cent of Caledonian's capital. The offer remains open.

Fraser trustees still undecided on syndicate's 200p cash offer

THE TRUSTEES of Sir Hugh Fraser's family trusts which hold just under 9 per cent of Scottish and Universal Investments had still not decided last night whether to accept the 200p per share cash offer for their stake made by a syndicate of institutional investors.

It had been assumed by most people, including the board of Lonrho which is bidding for the whole of SUITS, that the trustees would reject the 200p offer as they had previously rejected a 195p offer. Acceptance would be a serious blow to Lonrho's hopes of winning the take-over battle.

Lonrho went so far as to announce that the Fraser trusts had rejected the syndicate offer at least three-quarters of an hour before the meeting of trustees started at 3.00 pm yesterday. A spokesman claimed later that Lonrho had been referring only to the previous offer of 195p per share.

Lonrho would not anticipate the trustees although it was confident of what they would decide, he said.

Lonrho reacted angrily to the institutional offer, produced by Charterhouse Japhet, financial adviser to SUITS, last Friday. Lonrho said yesterday "this tactic will not make Lonrho offer more." But this statement appeared carefully phrased so as not to rule out making a higher offer for other reasons.

Charterhouse Japhet said yesterday that it hoped the trustees would accept the offer. It added, "The only shareholders in SUITS who do not stand to gain from the consortium's offer are the Fraser trustees, who would thus miss the opportunity of a higher offer from Lonrho, and Lonrho itself."

STHRN. COUNTIES HOTELS REJECTS

MR. S. C. SAUNDERS, chairman of Southern Counties Hotels, has written to shareholders urging them not to accept the offer from Forest Dale Hotels.

Forest Dale, a private company, recently announced that it was making an offer of 75p per ordinary and 55p per preference share in Southern, a public unlisted company. The offer values Southern at £382,124.

Mr. Saunders says: "Discussions have been taking place, but no agreement has been reached between the two companies."

He adds that "... Board is still negotiating with others who may make an offer in excess of this (Forest's) figure in the near future."

Shareholders are advised not to accept unless the Board recommends the offer.

B & C/COMMON

The response from British and Commonwealth Shipping to the rejection of its 200p offer from Common Brothers, stresses Common's policy of selling capital assets.

Since the year end, these have included three of the six ships in operation last June, the 50 per cent holding in Gomba Shipping, and the freehold of the London headquarters. Apart from surpluses on these sales, Common has been making losses over the past four years.

CARRINGTON SELLS SMALLSHAW STAKE

Carrington Viyella has sold its holding of 250,000 shares (10 per cent) in R. Smallshaw Knitwear at 30p each.

The shares have been placed with a number of institutional and private clients of Smith Keen Cutler.

STEETLEY BUYS

The Steetley Company has acquired the capital of Steel Plant Services (Rotherham), which supplies refractory repair materials and associated installation services, at a cost of £1.8m.

Of the consideration, £358,000 is being satisfied by the issue of 184,094 Steetley ordinary shares and the balance is in cash.

ALLIED BREWERIES

to acquire the ordinary and preference capital of Leicester Hotels Co. have been accepted in respect of 91.2 per cent of the preference and 92.7 per cent of the ordinary shares, and have become unconditional.

JAMES WARREN

James Warren has no connection with Warren Plantation, contrary to the implication in a news item in Saturday's issue concerning Warren Plantation's subsidiary Joseph Mason.

Pru Group funds show 12% rise

THE FIRST annual report of the Prudential Corporation, the newly formed holding company of the Prudential Assurance Company, shows that the total value of funds in the group, both shareholders and insurance, rose by nearly 12 per cent in 1978 from £4.70bn to £5.26bn. The balance sheet value of investments advanced by slightly more than 12 per cent from £4.60bn to £5.16bn, while the market value of investments at the end of 1978 stood at £6.69bn—nearly 30 per cent above book value.

The main feature contributing to the growth in value of life funds last year was the continuing buoyancy of the property market, where values increased by around 20 per cent, supported by rising rental levels. The overall property portfolio of the group stood in the balance sheets at £1.3bn at the end of 1978.

During the year UK life funds had £440m of new money available for investment. As in previous years the majority went into gilts. Last year some £257m was invested in this sector of the market, slightly more than in 1977. However, the share in equities was stepped up last year to £108m against £82m in 1977, while that in property was slightly down at £70m against £75m. On overseas life business, £54m was invested in fixed-interest, £31m in equities and £6m in property.

On general insurance business, there was a net disinvestment in equities in the UK, with almost all the new money being put into fixed interest securities. Overseas, the majority was invested in fixed-interest, but a substantial amount was put into equities.

The report points out that the continued emphasis on fixed-interest investment arose partly from the attractive yields available and partly from the policy of changing the spread of the portfolios between fixed interest, equities and property. The equity investment was still very much on a selective basis.

In the current year, it is expected that gilts will still continue to dominate the allocation of new money. But there will be significant investment in equities. It is thought that once the election is out of the way, companies will be resuming their capital raising plans through equity rights issues. The group had built up a bit of liquidity at the end of 1978, but this had been invested in both gilts and equities round the peak of interest rates.

As already reported, profits for 1978 rose by 29 per cent to £41.2m, and the dividend was lifted by 1.8 per cent to 8p per share.

Mr. Ron Owen, chairman of the Corporation, in his statement accompanying the report and accounts, reports two fresh opportunities for expansion overseas. Last year it acquired Constellation Life, a Canadian company which had shown rapid growth in accident and health insurance. This group has also last month begun to write life business in Holland.

Mr. Owen referred to the talk of further changes in the field of occupational pensions covering such matters as solvency, further protection of employee's rights and the provision of more information. The company, the second largest in the UK pension field, was sympathetic to many of these objectives. But he warned against the danger of over-burdening what is already a complex field of operation.

Comfort Hotels meets forecast with £1.35m

IN LINE with the forecast of not less than £1.3m made at the time of the offer for City Hotels Group, pre-tax profits of Comfort Hotels International, formerly Adda International, reached £1.35m for 1978, compared with £1.06m previously. Turnover advanced from £6.97m to £8.25m.

When reporting first-half profits ahead from £408,000 to £621,000, the directors anticipated a useful full year improvement.

They now say trading to date is satisfactory, after taking into account adverse conditions in the first two months, and has been buoyant in recent weeks indicating a successful year for the enlarged group in 1979.

The current year will include the first contribution from City Hotels, which was acquired on March 1.

Further significant progress has been made in regard to the group's freehold property in Copenhagen, the directors report.

From stated earnings of 3.07p (3.02p) per 10p share, the dividend total is effectively raised from 0.333465p to 0.37236924p net, with a maximum permitted final of 0.22236924p.

Net assets per share are shown down from 38.53p to 36.43p at the year-end.

Results of overseas subsidiaries are for a nine month period to September 30, 1978 following a change in accounting policy.

Profits before tax of City Hotels Group advanced from £1.07m to £1.65m for 1978, compared with a projection of not less than £1.6m. Turnover rose nearly £1m to £7.15m.

Earnings per 20p share are given up from 14.98p to 19.63p, adjusted for this year's five-for-two scrip issue in connection with the offer. A net interim dividend of 1.32p was paid prior to the scrip—no final is recommended.

● comment

Comfort Hotels and its new addition, City Hotels, have duly achieved their January forecasts with a little to spare, but Comfort shares dropped 1½p to 35½p yesterday. At this level, though, the yield of 1.6 per cent and a p/e of 11.5 on stated earnings are largely discounting the benefits of the merger of two similar hotel chains. Occupancy rates are firm so far this year, the sales mix has improved, and the three new hotels acquired towards the end of 1978 should contribute at least £200,000 this time. But the freehold property in Denmark remains the fly in the ointment with another hefty below the line charge. The second floor of the building has recently been let, however, which will clip the group's high level of gearing by some £1m once the legal formalities have been completed. That leaves Comfort in a position to negotiate the disposal of the entire site which will remove the group's currency burden and thus the main obstacle to any medium term re-rating.

RESULTS AND ACCOUNTS IN BRIEF

[illegible]

NORTH AMERICAN NEWS

Ashland Oil opens year with 75% income boost

BY DAVID LASCELLES IN NEW YORK

ASHLAND OIL, the major independent which has undergone a sweeping restructuring in recent months, reported sharply higher earnings for the first quarter of this year. Net income went up 75 per cent from $15.5m last year to $27.2m. Revenues went up from $1.2bn to $1.5bn.

On a per share basis, Ashland's earnings rose from 29 cents to 71 cents. However, this exaggerates the level of performance because the company bought up 10.7m shares in its fiscal first half, reducing the amount outstanding to 33.2m.

These purchases were part of the restructuring programme in which Ashland sold off most of its oil and gas assets so as to concentrate on refining, chemicals and coal, and reduce its debt.

However, Ashland also attributed the rise in per share earnings to an improved operating performance. Most oil companies have been reporting sharply higher earnings this quarter due to the recent rise in oil prices.

Because of the sudden improvement in the oil industry's earnings, analysts say it is too early to calculate the effect of Ashland's new policy on its figures. However, many believe that the policy is likely to reduce Ashland's long-term prospects.

Although concentration on refining in today's tight markets stands the company in good stead, divestiture of oil and gas reserves exposes Ashland to the vagaries of suppliers and removes much of its growth potential.

Alaskan flow lifts Arco

LOS ANGELES — Boosted by a 50 per cent higher production of oil from Alaska's North Slope, Atlantic Richfield Company (Arco) reported net income in the first quarter of 1979 61 per cent higher at $242.2m or $1.98 a share compared with $1.23.

Mr. Robert O. Anderson, the chairman, said the company's earnings for the quarter were the continuation of a strong performance trend established after a disappointing first quarter of 1978, before a damaged pump station went back into service on the Alaskan pipeline, permitting the line to reach its design rate of 1.2m barrels per day.

Other factors in the improved earnings picture were the sale of certain assets, stronger aluminium and copper markets for the company's Anaconda subsidiary and higher petroleum product volumes.

First quarter earnings represented a return on average capital employed of 15.6 per cent.

Capital investment during the first quarter totalled more than $330m, part of a projected 1979 capital programme of $1.8bn.

Total sales and other operating revenues for the period were $3.53bn—an increase of 20 per cent.

Agencies.

CANADIAN OIL INDUSTRY

Profits sought for reinvestment to develop new energy needs

BY VICTOR MACKIE IN OTTAWA

CANADA'S MAJOR oil companies, all with large investment plans for the next few years, are recording impressive profits from current operations.

However, they are not laughing all the way to the bank because even with first quarter earnings increased by an average C$11m from year ago levels, the companies say much more money is required to develop Canada's energy needs.

They contend that while first quarter profits show a big improvement, return on capital employed is still inadequate.

Imperial Oil for example, the country's leading integrated oil company, showed a profit of C$89m in the first quarter, up from C$72m a year earlier.

However, Imperial plans about 250 exploration wells this year, almost double the number it drilled last year.

Like other companies, it attributed the increased profits in the main to higher price and volume of crude oil and natural gas.

Shell Canada and Gulf Canada, which usually run close together for second place, showed a gap in earnings in the first three months.

Gulf increased its profits to C$52.9m from C$41.8m a year earlier, while Shell advanced to C$46.1m from C$36.9m.

Earnings advance at McDonnell Douglas

By Our Financial Staff

RESULTS for the first quarter at McDonnell Douglas, a major supplier to the U.S. air forces, indicate that the group is well on the way to the higher profit totals expected for this year.

Net earnings jumped by 15 per cent to $45.4m. This compares with a gain of about 29 per cent for 1978 as a whole and with expectations on the stock market of around 11 per cent for 1979.

Earnings in the first quarter have risen from $1.02 to $1.16 a share. Market predictions for the full year have ranged to $4.60 a share, compared with $4.14 last year.

At $1.38bn, first quarter sales show a gain of 37 per cent. There have been predictions of a sales gain of 12 per cent over the full year, which is expected to benefit from sharply higher sales of commercial aircraft, particularly the DC10 as McDonnell Douglas concentrates on extending its non-military business.

MCI files second suit against A T & T

WASHINGTON — MCI Communications Corporation has filed a second anti-trust action against American Telephone and Telegraph Company (AT & T), charging monopolisation of the $25bn a year long-distance telephone market.

The action was filed in the U.S. district court for the District of Columbia, and covers AT & T's conduct since 1975.

The suit, in addition to seeking treble damages estimated to exceed $3bn, also requests structural relief, including the divestiture of AT & T's long-distance network.

It names as defendants AT & T's operating companies and also General Telephone and Electronics Corporation, United Telecommunications, Continental Telephone Corporation, Central Telephone and Utilities Corporation, Mid-Continent Telephone Corporation and Lincoln Telephone and Telegraph.

MCI's complaint contends that the companies, besides AT and T and their trade association, the U.S. Independent Telephone Association, which was also named as a defendant, conspired to aid AT and T in its alleged monopoly efforts.

Reuter

MEDIUM-TERM CREDITS

EDF to raise $700m on fine terms

BY JOHN EVANS

THE two-year fight by the key American banks to resist the steady international erosion in lending margins in the Eurocurrency market appears to be largely over, judged by the latest $700m borrowing planned by Electricité de France, the French State energy concern.

It has awarded a mandate to raise a $700m 12-year syndicated loan to Crédit Lyonnais and Morgan Guaranty Trust Company of New York as co-lead managers.

The financing on the finest terms in recent years, is designed as a back-up loan for the equivalent amount of commercial paper issues by EDF in New York.

This is the first EDF syndicated loan for nearly two years in which Morgan Guaranty has participated. The leading New York bank had dropped out of loans raised by the French agency in a protest against the steady erosion in margins that EDF was winning in the Euromarkets.

Morgan Guaranty thus joined most of its U.S. counterparts in trying to put a brake on sliding terms, which were reducing the return available on medium-term syndicated credits. It remained, however, the issuing agent for EDF's commercial paper sales in the U.S.

This latest EDF financing follows closely on the decision of Citicorp International Group, Citibank's main Eurocurrency entity, to manage another low-margin loan, this time for the Spanish state agency Instituto Credito Official.

That loan, for $150m, involved a spread of ⅜ per cent over London Eurodollar interbank offered rates (Libor) for the first three years, and ½ per cent over the remaining life of the 10-year credit.

Citicorp and Morgan Guaranty have in the past been among the most determined of the U.S. banks in making a stand against lending at slim Euromarket margins. Their resistance built up more than a year ago, when lending spreads for a wide range of borrowings in both the industrialised and developing nations started to edge below 1 per cent.

However, the failure of margins to pick up, despite the U.S. banks' stand, and the added pressures stemming from the refinancing by many borrowers of past loans to obtain better terms, are forcing the big New York banks to concede finer rates to try to win back business from their aggressive European and Japanese counterparts.

The EDF credit itself, reflecting France's status as a top Euromarket credit, represents a perceptible lowering of the benchmark for lending terms below the key 0.5 per cent level. At the same time, the borrower is introducing novel features into the transaction.

The basic margins comprise a 0.15 per cent spread over Libor for the first four years, 0.25 per cent for the second four and 0.35 per cent for the final four years. Additionally, EDF will pay a 0.23 per cent facility fee on the whole $700m, whether the loan is drawn or not.

This fee replaces the more normal commitment fee imposed on loans.

The facility fee arrangement brings the effective spreads to 0.4, 0.5 and 0.6 per cent respectively.

The average weighted spread will be 0.488 per cent, taking into account normal amortisation which reduces the average loan life to 10.5 years.

In comparison, another French agency, Caisse Nationale de Télécommunications, arranged a similar $360m 10-year standby earlier this year, with a margin commencing at 0.375 per cent for an initial three years, later rising to 0.5 per cent. In the event of this loan being drawn for a protracted period, however, CNT was committed to pay 0.5 per cent.

Meanwhile, EDF's planned financing will bring its net Eurocurrency borrowings to support commercial paper operations to some $2.9bn. This latest loan will be used to refinance certain of its earlier borrowings.

In recent months, U.K. state agencies such as British Gas and the Post Office have also begun to tap the U.S. commercial paper market, which offers among the lowest interest rates available on dollar borrowings.

Firm supporting back-up lines from banks are invariably needed as part of the requirement for issuing commercial paper, which is a short-term borrowing instrument.

CANADIAN NEWS

Strong first quarter gain at Consolidated Bathurst

BY ROBERT GIBBENS IN MONTREAL

CONSOLIDATED BATHURST, the major Eastern Canada pulp and paper and packaging group controlled by Power Corporation of Canada, earned $C18.7m or 80 cents a share in the first quarter of 1979 against $C5.2m or 22 cents a year earlier. The Associated Newspapers of the UK owns around 12 per cent of the company. Sales were $C279m against $C233m. The gain was partly due to exchange on the company's major exports.

Du Pont Canada reports strong demand in export and domestic markets brought in better results in the first quarter. Sales were C$194m against C$144m a year earlier and earnings were $C8.9m or $C1.12 a share against $C2.1m or 26 cents a share.

The outlook in the second quarter is good.

Union Carbide Canada earned C$8.4m or 75 cents a share in the first quarter, against C$3.5m or 27 cents a year earlier on sales of C$152m against C$117m.

Pancanadian Petroleum, the oil and gas arm of Canadian Pacific, earned C$40.6m or C$1.30 a share in the first quarter, compared with C$38.5m or C$1.23 a share previously. Revenues were C$100m against C$91m last year.

Dominion Foundries and Steel had a strong first quarter with net earnings jumping by 60 per cent from $19.3m or $1.08 a share to $31m or $1.78 a share. Sales advanced by 43 per cent from $248.2m to $356.6m.

Net earnings of Murphy Oil for the first three months of 1979 soared from C$161,000 or 8 cents a share to C$1.71m or 27 cents a share. Revenues declined from C$43.8m to C$35.8m. The 1978 figures have been restated for a change in accounting practice.

EUROBONDS

Uncertainties on interest rates hit dollar sector

BY OUR EUROMARKETS STAFF

EURODOLLAR BONDS eased up to ¼ point in slow trading yesterday, as European markets absorbed the uncertainties surrounding an apparent new tightening in the U.S. Federal Reserve's monetary policy.

In Eurodollars, the six-month offered interest rate climbed slightly to 11⅛ per cent.

Among new offerings, Jugobanka is offering $50m of 10-year floating rate notes. The spread is ⅞ per cent over the six-month interbank rate, with a minimum coupon of 8 per cent and an indicated pricing of par. Managers are Daiwa Europe and BNP.

The $30m offering of so-called "drop lock" bonds from the Finnish power utility TVO, was the centre of market attention. Indicated quotations for the new hybrid issue appeared to be favourable, at less 1¼ to 1.

However, some market participants believe the TVO formula is too heavily weighted in favour of the borrower.

The margin on the 12-year issue is ⅜ per cent, but there is a compulsory switch into a 9 per cent straight bond if Libor drops to 8½ per cent at any payment date.

The formula makes investors potentially vulnerable to downward fluctuations in short-term interest rates, particularly if long-term rates remain high, analysts argue. Some disagree with the logic of linking short-term with long-term rates, disregarding normal yield considerations over a maturity range of this duration.

Elsewhere, the $40m of Avco bonds were priced at par by lead manager Kidder Peabody, with other terms, including a 10½ per cent coupon, remaining unchanged.

The Deutsche-Mark foreign bond sector saw scattered losses ranging to around ½ point.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on April 30

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bayer Int. F. XW 7¾ 89	200	83½	84	−0¼	−0½	9.91
CECA 9⅝ 84-99	50	95½	96	−0⅛	−0½	9.25
Canada 9 83	400	97¾	98⅛	+0¼	−0⅛	9.79
Canada 9¼ 98	350	96⅜	96⅞	−0⅜	−0⅞	9.95
Comalco Inv. E. 10⅛ 91	40	98⅛	98⅝	−0⅛	−0¼	10.46
Dow Chem. O/S 9⅝ 94	200	97⅛	97⅞	−0⅜	−0⅜	9.95
EIB 9⅛ 98	125	93⅜	93⅞	−1⅛	−1⅛	10.13
EIB 9⅝ 86	150	98⅞	99⅜	−0⅛	−0⅛	10.04
EIB 9⅞ 99	100	98⅛	98⅝	−0⅛	−0¼	10.19
Export Dv. Cpn. 9.85 84	150	100⅛	100⅞	−0¼	−0¼	9.98
Export Dv. Cpn. 9⅜ 84	100	97⅛	97⅝	−0⅜	−0½	9.84
Eksportfinans 9 86	50	95¾	96¾	−0⅛	−0¼	9.77
Finland 9½ 86	100	97½	98	+0¼	−0⅛	9.96
GTE Fin. 9⅜ 84	50	97¾	98¼	−0⅛	−0⅜	10.03
Gould Int. Fin. 9⅝ 85	50	99½	99¾	−0⅛	−0⅛	9.85
Hospital O/S 9 83	25	97¼	97¾	−0⅞	−0⅜	9.70
Hudson Bay Co. 10 94	50	100	100½	−0⅛	−0⅜	9.96
Itel Finance 9½ 90	30	93⅞	94⅜	−0⅞	−0¼	10.64
Itel Finance 10½ 93	40	97	97½	—	—	10.89
J. C. Penney 8½ 83	100	95⅝	96⅛	−0⅛	−0½	9.71
Manitoba 9½ 89	75	97⅛	97⅝	0	−0⅛	9.92
New Brunswick 9⅝ 94	75	97⅞	98⅜	−0⅛	−0⅛	10.02
Newfoundland 10 94	50	99⅜	99⅞	0	−0⅛	10.06
Norsk Hydro 9¼ 94	50	94⅞	95⅜	−0⅛	−0⅛	9.88
Norway 9¼ 84	150	99⅝	100⅛	−0⅛	−0⅛	9.38
Portland 10 84	50	97⅛	97⅝	0	−0⅛	10.63
Redland Fin. XW 9½ 91	25	93⅛	93⅝	−0⅛	0	10.49
Sears Roebuck 8 82	150	98⅛	98⅝	−0⅛	−0⅛	9.65
Stockholm 9⅝ 94	60	98⅞	99⅜	−0½	−1	10.10
UK 8⅞ 93	150	94⅝	95⅛	−0⅛	−0⅞	9.76

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 97	70	91⅞	92⅜	0	−0½	6.92
Argentina 6½ 88	150	92⅞	93⅛	−0⅛	−0⅞	7.59
Australia 6 88	250	93	93⅜	−0½	−2⅞	9.98
Austria 5½ 90	150	88⅞	89⅝	+0⅛	−2⅛	7.16
Banco Desarrollo 7½ 86	100	96⅛	97	+0⅛	−0⅛	7.90
Bankamerica 5⅝ 90	150	†90½	91	0	−1⅞	6.94
Bq. Ext. Algeria 7½ 85	100	97½	98	+0⅛	+0⅛	7.69
Brazil 7½ 87	150	98⅝	99⅛	+0⅛	−0⅛	7.42
CECA 6 88	150	92½	93½	−0⅛	−1⅞	7.05
CECA 7 91	150	97	97⅝	—	—	7.34
Ch. Manhttn. O/S 6 93	100	92½	93	−0⅛	−3⅛	6.81
Copenhagen City 6 90	75	89⅝	90⅜	−0⅛	−2⅛	7.31
Council of Europe 6¾	130	92⅛	92⅞	−0⅛	−3	7.37
Denmark 5¾ 85	100	94⅞	95⅜	−0⅛	−1⅛	6.85
Denmark 6½ 89	100	95	95½	−0⅛	−1	7.17
EIB 6 90	300	88⅞	89⅝	−0⅛	−2⅛	7.42
EIB 6½ 91	200	93⅛	94⅛	−0⅛	−2⅛	7.31
Eletrobras-Brazil 7 87	100	95⅛	96⅛	0	−0⅛	7.74
Eurofima 6½ 88	100	98⅛	100⅛	0	−0⅛	8.49
Finland 8 83	150	98⅛	98⅞	−0⅛	−0⅛	8.38
Hitachi Shpb. 5⅝ 83	50	96⅛	97⅛	0	−0⅛	9.58
Indonesia 7 84	100	95⅛	96⅛	−0⅛	−1⅛	7.98
Kobe, City of 5¾ 86	100	94⅝	95⅛	+0⅛	−1½	6.64
Megal Fin. 7 89	150	97⅞	98⅜	−0⅛	−1	7.25
Mitsubishi Petro. 5¾ 85	100	†98½	99⅛	+2⅛	+2⅛	6.98
New Zealand 6¾ 87	200	96⅞	97½	+0⅛	−2	6.73
Nippon Kokan 7½ 84	100	97½	98⅛	−0⅛	−1⅛	8.03
Nippon Steel 5⅝ 85	100	93⅝	94⅛	0	+0⅛	6.92
Nippon Tel. & T. 5½ 87	100	89⅞	90⅜	+0⅛	−1⅛	7.18
Nordic Inv. Bk. 6⅝ 88	60	96⅛	97⅛	0	−1⅛	6.86
Norges Komm. 6 90	100	92	92¾	−0½	−1½	7.00
Norges Komm. 6¾ 89	150	94⅛	95⅛	−0⅛	−2	6.97
Norway 6¼ 84	200	99⅞	100⅜	−0⅛	−0⅛	6.22
Occidental 6¾ 90	150	94⅞	95⅜	−0⅛	−1	7.37
OKB 6½ 88	100	97⅛	97⅞	+0⅛	−1⅛	6.86
OKB 6 87	40	95⅜	96⅛	0	−0⅛	6.67
Petroleo Brazil 7 88	100	†96	98	+0⅛	−2⅛	7.88
Statoil 6 88	150	92½	93⅛	−0⅛	−2⅛	7.06
Statoil 6½ 89	150	†96⅛	96⅝	−0½	−1⅛	7.00
UDS Group 5⅝ 83	65	96⅛	96⅝	0	−0⅛	6.91
Union Bank-Finn 6½ 88	50	92⅞	93⅝	0	−0½	7.50
Venezuela 6½ 90	150	89⅞	90⅝	0	−0⅛	7.81
World Bank 6½ 88	400	94½	95⅛	−0⅛	−1⅛	9.99

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5½ 88	40	103¼	104¼	+0⅛	−0⅛	4.70
Amer. Exp. Int. 3½ 93	40	94	94½	0	−0½	4.03
Asian Dev. Bank 3½ 94	100	†88	88½	−0⅛	0	4.63
Austria 3½ 93	100	92	92½	0	−1⅛	4.22
Australia 3½ 88	250	96	96½	+0⅛	0	4.11
Brazil 4½	100	99⅛	99⅝	−0⅛	+0⅛	4.31
Canada 3¾ 89	300	95⅞	96⅜	−0⅛	−0⅛	4.12
Chase Manhattan 4 93	70	99½	99⅞	−0½	−0⅛	4.03
Council of Europe 4¼	190	98	98½	−0⅛	−0⅛	4.46
Bankamerica 3¾ 93	80	95⅞	95⅜	+0⅛	−0⅛	4.18
BNDE 5 88	75	101	101½	0	+0⅞	4.84
Denmark 4½ 90	100	101½	101¾	−0⅛	−0⅛	4.31
Euratom 4¼ 93	80	94⅛	94½	0	−0⅛	4.80
F. L. Smidth 4½ 89	25	98⅛	99	−0⅛	+0⅛	4.64
Finland 4½ 93	80	99½	99⅞	0	−0⅛	4.53
GZB 4½ 93	100	99½	100	−0⅛	−0⅛	4.52
Heron 4¾ 89	35	95⅛	95⅞	+0⅛	+0⅛	4.80
ICI Fin. NV 3½ 94	230	90⅞	91⅛	−0⅛	−0⅛	4.33
Malaysia 4⅝ 90	80	97½	97⅞	−0⅛	+0⅛	5.02
New Zealand 3½ 94	120	92⅛	92½	−0⅛	−0⅛	4.20
OKB 3⅝ 91	100	†94½	95	−0⅛	−0⅛	4.32
Pfand. Ost. Lande. 4 90	60	†96	96⅛	−0⅛	−0½	4.45
Philippines 4⅝ 89	50	97½	97⅞	−0⅛	+0⅛	5.06
Sandvik 4 90	65	97½	98	−0⅛	−0⅛	4.25
Spain 4 91	100	96	96⅛	−0⅛	−0⅛	4.43
Vienna 4 93	100	94⅝	95	−0⅛	−0⅛	4.49
World Bank 4¼ 93	250	96	96⅝	−0½	−0⅛	4.62

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5⅜ 88	15	85⅞	86⅞	+0⅛	+0⅛	7.86
Australia 5.6 83	30	93⅝	94⅛	+0⅛	+0⅛	7.25
Australia 6⅞ 88	20	91⅞	92⅝	0	+0⅛	7.82
Finland 5.8 83	10	92⅛	93⅛	+0⅛	0	7.51
Finland 6.8 88	10	92⅞	93⅞	0	0	8.06

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	98⅛	99¼	0	−0⅛	9.32
Ex. Dev. Cpn. 10 84 CS	50	99⅛	99⅞	−0⅛	−0⅛	10.09
Hudson Bay 10½ 89 CS	60	99⅞	100½	−0⅞	−0⅛	10.52
Quebec 10½ 86 CS	50	98¾	99¼	+0⅛	0	10.46
R. Bk. Canada 10 86 CS	40	98¾	99¼	—	—	10.10
R. Bk. Canada 10 94 CS	40	97¼	97¾	—	—	10.33
Komm. Inst. 7½ 93 EUA	15	97½	98¼	0	−0⅜	7.78
Panama 8½ 93 EUA	20	96½	97¼	0	−0⅛	8.59
SOFTE 8¼ 89 EUA	40	97⅝	98⅛	0	−0⅛	8.59
Algemene Bk. 6½ 83 Fl	75	†95¼	96	−0½	−0⅛	7.54
CFE Mexico 7½ 83 Fl	75	†97¼	98	0	−0½	8.42
EIB 7⅝ 85 Fl	75	†93¾	94½	−0⅛	−0⅞	8.46
Ned. Middbk. 8⅛ 84 Fl	75	†99½	100¼	−0¼	−0½	8.28
New Zealand 6¾ 84 Fl	75	†93¾	94½	−0⅛	−0½	8.18
Norway 8⅛ 84 Fl	100	†100¼	101	0	−0½	9.08
Elf Aquitaine 8¾ 88 FFr	150	†98½	99	−0½	−0½	9.94
EIB 9¾ 88 FFr	200	†98⅞	99⅜	−0⅛	−0⅛	9.88
Norway 9¼ 84 FFr	200	†99⅝	100⅛	+0⅛	+0⅛	9.30
PSA Peugeot 9⅜ 87 FFr	175	†99	99½	−0⅛	−0½	9.88
Solvay et Cie 9⅝ 87 FFr	125	99	99⅝	0	0	9.86
Total Oil 9⅜ 87 FFr	150	97	97⅝	0	−0⅛	9.85
Unilever 10 85 FFr	100	100⅝	101⅛	0	−0⅛	9.76
CECA 9⅝ 89 £	20	91	91¾	+0½	+0⅛	11.10
Citicorp 10 93 £	20	90½	91¼	0	+0⅛	11.33
EIB 9⅝ 88 £	25	94⅜	95	+0⅛	−0⅞	10.71
Finance for Ind. 13 91 £	15	103⅛	104½	0	−0½	12.31
Gen. Elec. Co. 12½ 89 £	50	101⅞	102⅝	+0½	0	12.11
Bayer Lux. 8 86 LuxFr	250	97⅞	98⅛	−0⅛	−0⅛	8.44
EIB 7⅝ 88 LuxFr	250	96⅝	97⅜	−0⅛	−0⅛	8.18
Euratom 8 97 LuxFr	500	99⅝	100⅝	−0⅛	−0⅛	7.97
Finland I. F. 8 88 LuxFr	250	97⅞	98⅜	0	−0⅛	8.34
Norway 7¾ 83 LuxFr	250	97⅝	98⅛	0	−0⅜	8.35
Norges Km. 8 86 LuxFr	500	98⅛	99⅛	0	0	8.12
Oslo, City of 8 89 LuxFr	500	98⅞	99⅞	+0⅛	0	8.09
Solvay Fin. 8 85 LuxFr	500	†100½	101½	+0⅛	+0⅛	7.78
Swedish Bk. 8 88 LuxFr	500	99½	100½	0	−0⅛	7.89

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bank M8.5 83	0⅛	96⅞	97⅜	31/7	11.44	11.76
AFG Fin. Co. M5.5 89	0¼	98½	99	12/7	12.4	12.58
Banco di Roma M6 87	0⅛	96⅝	97⅛	26/10	11.19	11.34
Bco. El Salvador M8 83	1⅛	97⅛	97⅝	12/10	12⅛	12.58
Bco. Nac. Argnt. M8 83	0⅛	100⅛	100⅝	21/7	12⅛	12.19
Bco. Nac. Argnt. 7 86	0⅛	97⅞	98⅛	22/9	11½	11.72
Banco Urquijo 6 88	0⅛	97⅞	98⅛	21/9	11½	11.73
Bank of Tokyo M5½ 93	0⅛	98⅛	98⅝	18/10	11⅞	11.94
Bq. E. d'Alg. M8.375 84	0⅛	96⅞	97⅜	9/8	11⅞	12.23
Bq. Ext. d'Alg. M7.5 85	0⅛	95⅛	95⅝	2/5	12⅛	13.37
Bq. Indo et Suez M5½	0⅛	99⅜	99⅞	25/7	12	12.05
Bq. I. Af. Occ. M8.5 83	0⅛	98⅛	98⅝	12/7	12.4	12.59
BNP 5½ 81	0⅛	97⅝	98⅛	22/2	11⅛	11.61
CCCE M5.25 98	0⅛	97⅝	98⅛	3/8	11⅜	11.62
Ch. Man. O/S M5⅜ 93	0⅛	98⅝	99⅛	27/7	11.73	11.86
Citicorp O/S Fin. 9 94	0⅛	99⅛	99⅝	9/8	11.05	11.10
Credit National M5¼ 88	0⅛	98½	99	11/7	12.31	12.47
Gotabanken M6 88	0⅛	98⅛	98⅝	15/5	12.31	12.52
Ind. Bk. Japan M5½ 85	0⅛	99⅝	100⅛	1/9	12.35	12.35
LTCB Japan M5¼ 98	0¼	99⅛	99⅝	8/5	12.06	12.14
Midland Intl. M5½ 93	0⅛	98⅞	99⅜	20/7	12⅛	12.38
Nipp. Crdt. Bk. M5.5 85	0⅛	99½	100	22/9	12.81	12.85
OKB M5¼ 88	0⅛	99⅛	99⅝	18/10	11.44	11.49
Offshore Mining 86	0⅛	98⅝	99⅛	19/7	12.19	12.25
Petro Mexicano 7½ 84	0⅛	99	99½	24/7	12.06	12.15
Privredna Banka M8 86	0⅞	96⅝	97⅛	22/8	13.44	13.89
Standard Chrt. M5.5 90	0⅛	97⅞	98⅛	10/8	11.56	11.78
Sundsvallsbnkn. M6 85	0⅛	97⅝	98⅛	4/10	11.06	11.30
Texas Int. Air. M7 86	0⅛	97⅜	98⅛	11/10	11⅛	11.48
Utd. Overs'a Bk. M6 89	0⅛	97⅜	98⅛	29/8	11.14	11.36

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Baker Int. Fin. 5½ 93	1/79	34	118½	119⅜	0	−0.61
Boots 6⅝ 93	2/79	2.16	111⅛	112⅛	+0⅛	−4.44
Ciba-Geigy O/S F. 4 94	9/78	676	95½	96½	+1⅞	−15.39
Coca-Cola Bottling 6⅝	4/79	8	90	97¼	0	20.83
Esselte 7½ 89	9/79	159	97⅛	98⅛	+0⅛	10.71
Honda Motor 5½ 89	6/79	532	101⅞	102⅞	+0⅛	0.18
Ito-Yokado 5⅝ 93	5/78	1339	106⅞	107⅜	−0⅛	2.94
Novo Industri 7 89	4/79	259	87⅞	89⅛	−0⅞	13.24
Texas Int. Air. 7½ 93	4/79	14.6	91½	92½	+0⅛	12.29
Thorn Int. Fin. 7 88	11/78	3.67	138⅞	139⅞	+1⅛	−2.20
Asahi Optical 3½ DM	12/78	688	90	91	−0⅛	7.37
Casio Cp. 3½ 85 DM	11/78	841	90	91	−1	13.12
Fujitsu 5 84 DM	7/79	475	98⅛	99⅛	—	13.68
Izumiya 3½ 86 DM	10/78	989	88½	89½	+0⅛	2.78
Jusco 3½ 86 DM	1/79	1154	85	86	−0⅛	26.41
Kansai Elec. 4 84 DM	4/79	1350	88⅞	89⅞	−0⅛	32.63
Konishiroku 3½ 85 DM	1/79	812	90⅝	91⅝	−0⅛	19.96
Marudai Food 3½ DM	2/79	1033	83⅝	84⅝	−0⅛	27.64
Murata M. 3½ 86 DM	11/78	854	96⅛	97⅛	−0⅛	5.52
Nipp. Air. 3.5 88 DM	12/78	508	85	86	+1	12.54
Nippon Yen. 3½ 85 DM	1/79	251	92⅞	93⅞	−0⅛	4.24
Nissan Diesl. 3½ 86 DM	2/79	477	91⅞	92⅞	−0⅛	8.37
Olymp. Opt. 3½ 85 DM	2/79	703	99⅛	100⅛	0	−0.01
Ricoh 3½ 86 DM	10/78	817	90⅝	91⅝	0	14.62
Sharp Cpn. 3½ 88 DM	2/79	487	94⅛	95⅛	−0⅛	11.42
Stanley Elec. 3½ DM	11/78	823	88½	89½	−0⅛	27.14
Tokyo Elec. 3½ 87 DM	4/79	476	91⅞	92⅞	−0⅛	20.89
Tokyu Ld. Co. 4 86 DM	4/79	493	86½	87½	−0⅛	12.92
Trio-Knwd. 3½ 88 DM	11/78	711	86⅝	87⅞	+0⅛	17.50

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C. dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

AMERICAN QUARTERLIES

BALTIMORE GAS AND ELECTRIC	1979	1978
First quarter	$	$
Revenue	292.9m	265.8m
Net profits	39.09m	40.02m
Net per share	1.11	1.15

CANADIAN PACIFIC INVESTMENTS	1979	1978
First quarter	C$	C$
Net profits	85.96m	57.34m
Net per share	1.38	0.94

CHAMPION SPARK PLUG	1979	1978
First quarter	$	$
Revenue	223.9m	189.5m
Net profits	21.05m	20.71m
Net per share	0.55	0.54

CLOROX	1979	1978
Third quarter	$	$
Revenue	341.8m	276.5m
Net profits	7.45m	6.69m
Net per share	0.33	0.29
Nine months		
Revenue	1.01bn	805.6m
Net profits	23.95m	25.21m
Net per share	1.06	1.12

EMERY AIR FREIGHT	1979	1978
First quarter	$	$
Revenue	120.5m	95.5m
Net profits	5.09m	5.45m
Net per share	0.27	0.35

GATX	1979	1978
First quarter	$	$
Net profits	9.79m	8.45m
Net per share	0.77	0.67

HERSHEY FOODS	1979	1978
First quarter	$	$
Revenue	277.5m	190.9m
Net profits	12.35m	10.32m
Net per share	0.87	0.75

MIDDLE SOUTH UTILITIES	1979	1978
First quarter	$	$
Revenue	401.6m	415.3m
Net profits	50.2m	41.8m
Net per share	0.60	0.56

NL INDUSTRIES	1979	1978
First quarter	$	$
Revenue	516.1m	419.7m
Net profits	19.1m	15.0m
Net per share	0.55	0.45

OGDEN	1979	1978
First quarter	$	$
Revenue	533.1m	408.4m
Net profits	15.2m	12.8m
Net per share	1.73	1.40

PENNZOIL	1979	1978
First quarter	$	$
Revenue	433.4m	336.2m
Net profits	46.2m	23.7m
Net per share	1.36	0.68

QUAKER OATS	1979	1978
Third quarter	$	$
Revenue	502.1m	412.1m
Net profits	23.5m	21.2m
Net per share	1.13	0.97
Nine months		
Revenue	1.47bn	1.27bn
Net profits	60.5m	52.8m
Net per share	2.86	2.37

SOUTHERN COMPANY	1979	1978
First quarter	$	$
Revenue	712.7m	693.6m
Net profits	38.8m	45.7m
Net per share	0.27	0.33

SPERRY RAND	1979	1978
Fourth quarter	$	$
Revenue	1.19bn	1.07bn
Net profits	69.56m	59.58m
Net per share	1.76	1.53
Year		
Revenue	4.16bn	3.65bn
Net profits	224.13m	176.62m
Net per share	5.73	4.60

Expansion at Thomson-Brandt

BY TERRY DODSWORTH IN PARIS

FURTHER expansion in overseas markets by Thomson-Brandt, the diversified French telecommunications, electronics and consumer durables company, was one of the factors behind a 15.6 per cent rise in consolidated group turnover last year to FFr 22.8bn ($5.2bn). Profits went up by only 8 per cent compared with 1977 to FFr 385m.

But the company says that the 1978 year was satisfactory, leaving it in good financial shape with debts running at only one-fifth of its equity capital. Consequently it is paying a net dividend of FFr 10.80 a share, after taxes of FFr 5.40.

A significant proportion of Thomson-Brandt's success has been in the electronics field, where its subsidiary Thomson-CSF is one of the chosen state vehicles for French expansion. Electronic sales have gone up by 168 per cent in the last four years to FFr 11.6bn, and in 1978 Thomson-CSF achieved consolidated profits of FFr 255m.

The group's push on the electronics side is to continue. About half of the investment of FFr 1bn earmarked this year will go into electronics, it says, and there may be some capital increases at Thomson-CSF if opportunities for expansion present themselves.

Another investment project now being considered in the U.S. falls into the domain of the CSF subsidiary Material Telephonique Thomson CSF. This group was recently formed by the merger of Ericsson France and LMT, the former ITT subsidiary.

Both of these companies were taken over by Thomson in a deal backed by the Government to rationalise the country's telecommunications manufacturing and the merged organisation will be 57 per cent owned by Thomson CSF, 9.5 per cent by Ericsson of Sweden, and the rest by the public.

The first overseas successes of the telecommunications group have recently come with an agreement to supply a factory to the Russians, and more recently a FFr 700m contract to modernise the Turkish telephone system.

Turnover in the other group companies was split up as following: consumer durables FFr 5.4bn; medical equipment FFr 2.4bn; electro-mechanical capital goods FFr 2bn; lighting equipment FFr 969m; engineering and services FFr 534m.

Hoechst sales increase

BY OUR FINANCIAL STAFF

HOECHST AG, the parent company for the major West German chemical group, reports an "appreciable" increase in sales for the first quarter of 1979.

Production capacity recovered to 77 per cent during the opening three months, being as high as 83 per cent for March alone. The improved demand experienced in the period was partly due to customer stockpiling, the annual Press conference was told.

Managing board chairman Herr Rolf Sammet said there are undoubtedly some special risks in 1979, although business has developed quite favourably so far. The increase in raw materials and energy prices observed since the second half of last year continues and no stabilisation of prices is in sight.

Hoechst plans to issue option loans through affiliated companies, carrying rights of subscription for up to DM150m of Hoechst shares.

Final touch for SIR rescue operation

Paul Betts in Rome

ITALY'S LARGEST state medium-term credit institute, Istituto Mobiliare Italiano (IMI), is understood to have finalised a revised rescue plan for Societa Italiana Resine (SIR), one of the country's leading chemical groups, now on the verge of financial collapse.

The new rescue plan, which will see a consortium of major Italian credit institutes led by IMI take over the troubled chemical group, will involve some L600bn ($700m) of fresh funding to SIR, compared with the L400bn envisaged in earlier rescue proposals.

At the same time, the banking consortium is expected to take control of all SIR plants, although some L760bn of uncompleted SIR investments are to be frozen, for the time being at least.

The Government and all the banks involved in the SIR rescue are expected to give the official go-ahead to the IMI plan later this week. Of all the banks involved in the rescue, IMI is SIR's biggest creditor and is owed about L1,000bn.

Agreement has now also been reached over a rescue plan for Liquichimica, another Italian chemical group in dire financial difficulties. This will involve the intervention of a banking consortium, which will include the Italian state hydrocarbons group, Ente Nazionale Idrocarburi (ENI).

For its part, Anic, the chemical subsidiary of ENI and Italy's second largest chemical conglomerate, reported at its annual meeting in Milan this weekend losses of L178bn last year against a loss of L189bn the previous year.

However, Sig. Giuseppe Ratti, the Anic chairman, said at the meeting that group performance was now improving, with turnover increasing by 37.3 per cent to L313bn in the first quarter of this year. Anic's net sales last year totalled L903bn.

Optimism at Nestle after currency setbacks

BY JOHN WICKS IN ZURICH

WITH PROFITS on the upturn again after last year's decline and sales ahead in both foreign and Swiss currency terms, the Nestle group should have a "much better year" in 1979.

The year began well on most markets, said Mr. Arthur Fuerer, managing director of the Swiss parent company, with first quarter turnover up by 13 per cent in local currencies, or 2.7 per cent in terms of Swiss francs.

Nestle has already announced that 1978 group profits were down by 11 per cent to a consolidated SwFr 739m ($431m). This is the lowest level since 1972 and equal to only 3.8 per cent of sales.

Consolidated trading profit fell by SwFr 270m to SwFr 1.55bn, with 80 per cent of the decline caused by exchange rate fluctuations. Mr. Fuerer said that for consolidated net earnings, the return on sales target was 5 per cent "though it will take time *to reach this.*" Nestle last touched this level in 1970.

Group turnover fell by SwFr 557m in 1978 to SwFr 19.53bn, a drop due solely to exchange rate moves. At unaltered parities, group sales would have reached a new record of SwFr 22.5bn, or 12 per cent above the 1977 peak of SwFr 20.09bn. A breakdown of group turnover shows that over half comprised instant drinks (32.6 per cent) and dairy products (20.7 per cent).

Accounting for 15.4 per cent were culinary and sundry products, with shares of 8.4 per cent for chocolate and confectionery, 8 per cent for frozen foods and ice cream, 6.7 per cent for infant foods and dietetic products, 2.8 per cent for *liquid drinks*, 2.7 per cent for the restaurant and hotel activities, 1.8 per cent for refrigerated products, and 0.9 per cent for pharmaceuticals.

The Nestle concern currently has an authorised investment budget of some SwFr 2bn. Actual capital expenditure in 1979 is put at some SwFr 850m compared with last year's SwFr 805m. The main points of the 1979 investment programme will be projects in the U.S., Nigeria and France.

Nestle intends to *continue* attempts to strengthen its U.S. operations, said Mr. Fuerer. He indicated that a further acquisition might be made there. The U.S. market is the biggest sales outlet for Nestle products, with a 1978 turnover equal to some SwFr 3.57bn, although the weak dollar meant that the share of North America in group turnover fell back from 22.2 to 20.2 per cent.

Among major acquisitions of the group last year was that of the Fort Worth-based pharmaceuticals company Alcon Laboratories, a specialist in opthalmic preparations. This produced group pharmaceutical sales totalling SwFr 187m for the year. Together with the consolidation of the French *chilled-products concern* Chambourcy and other acquisitions, and after the deconsolidation of Nigerian and Indian affiliates, Nestle added a net SwFr 400-SwFr 450m to its group turnover from acquisitions last year. The company says it is currently receiving many offers from potential acquisition candidates.

Although Nestle does not give figures for research and development operations, activity here continues to grow. Some 2,000 staff members are engaged in R and D work and a number of research units are being built or expanded. An important new addition will be a research station at Epalinges, near Lausanne, to cost up to SwFr 100m and open in autumn, 1982, to carry out basic research, particularly in the food field.

Rights issue from Danish chemical group

By Hilary Barnes in Copenhagen

A STRIKING increase in profits and a rights issue aimed at raising over $18m are announced by Superfos, the Danish chemical group.

Pre-tax profits rose from DKr 107m to DKr 174m ($32.95m), an increase of 62 per cent while sales moved up from DKr 2.98bn to DKr 3.26bn ($617.42m). The company will pay an unchanged 12 per cent dividend.

The company points out that its 1978 results are the best ever. They reflected a good year for Danish agriculture, with fertilisers and fodder playing an important part in Superfos activities.

At the same time, the company plans to raise its share capital by DKr 91.6m through a one-for-three rights issue at DKr 105 per share. The company also plans to increase employee shares by DKr 2m on similar terms. The new shares carry only half dividend entitlement and the rights issue is expected to take place in August.

Alcan to sell ASV smelter stake

BY FAY GJESTER IN OSLO

ALCAN ALUMINIUM of Canada is to sell its 25 per cent interest in Ardal og Sunndal Verk to the Norwegian Government for $70m. The deal will give the Norwegian Government 100 per cent of ASV which is the major Norwegian aluminium producer.

Alcan purchased 50 per cent of the ASV capital from the Norwegian Government in 1966 for $50m, and sold back half of this interest eight years later to the Norwegian state for £62m. The Government wanted then to buy out Alcan altogether but at that stage the Canadian concern was not a willing seller.

According to yesterday's announcement, Alcan has decided to sell now because it disagrees with ASV's policy of expanding fabricating capacity. Alcan believes this to be less profitable than expansion in primary metal capacity.

ASV owns smelters in Norway with a combined annual capacity of around 330,000-tonnes of primary aluminium, as well as a number of wholly or partly-owned plants in Norway, Sweden and Denmark, making semi-finished and finished products.

Last year it processed about 20 per cent of its metal output. The concern has long-term agreements with Alcan under which it receives aluminium oxide and supplies aluminium ingots in return. These contracts will continue to run until 1984, with ASV's deliveries gradually declining from 140,000-tonnes of metal this year to about 100,000-tonnes in 1984. Thereafter both sides will be free to negotiate new contracts.

* * *

NORPIPE and Norpipe Petroleum UK, which operate pipelines from Norway's Ekofisk field to Britain and Germany and a terminal at Teesside in the UK, report total turnover of NKr 1,277m for 1978 compared with NKr 605m in 1977 and a total net profit of NKr 119m, against NKr 68m.

Gas and oil moved through the companies' pipelines last year, reached about 24.5m-tonnes of oil equivalents. The lines have a total through-put capacity of about 70m t.o.e. per year when all pumps and compressors are working.

KNP sees return to the black

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH PAPER and board maker, Koninklijke Nederlandse Papierfabrieken (KNP), expects to return to profit in 1979 after bearing heavy restructuring costs last year. Volume sales of paper, in particular of coated paper, rose strongly in 1978 and this trend is expected to continue, leading to a further rise in sales of several percentage points, it said in its annual report.

The packaging division is expected to make a positive contribution to profits this year, partly due to the restructuring of the solid board industry in Holland. The financial reorganisation of Okto, a board-making company which is 51 per cent owned by KNP, has meant that sufficient reserves have been set aside to meet future losses so they will have no impact on the profit and loss account in 1979.

KNP will invest Fl 52m ($25.4m) this year after halving its spending to Fl 24m in 1978.

Apart from the increase in sales volume last year, lower raw materials prices enabled KNP to improve margins in its graphic papers division. This area accounted for Fl 585m of total group sales of Fl 821m ($400m), with 77 per cent of the division consisting of coated papers.

The operating profit, after depreciation, rose sharply to Fl 30m in 1978 from Fl 1m the year before. Graphic papers contributed Fl 29.6m of this. KNP, excluding Okto, increased its net profit to Fl 13.9m in 1978 from Fl 1.4m. But when Okto's loss of Fl 17.9m is taken into account, KNP made a loss of Fl 4m.

● The newly merged construction and dredging group, Volker Stevin, proposes to pay a dividend of Fl 6 per Fl 20 nominal share after making the expected Fl 85m ($41.5m) net profit in 1978. The final payment is Fl 4.

It expects 1979 profit to at least equal last year's result. Combined turnover of the two partners, Adriaan Volker and Stevin group, was Fl 2.8bn ($1.36bn) last year.

Aeritalia sees upturn after loss in 1978

By Rupert Cornwell in Rome

AERITALIA, the major Italian aerospace company, has reported a net loss of L16.8bn ($20m) for 1978. However, it is hopeful that its financial results will improve this year, mainly as a result of the collaboration deal with Boeing on the latter's B 767 medium-haul airliner.

Figures issued by the group already point to a substantial upswing in activity. While sales jumped almost 50 per cent last year to L199.7bn ($238m), orders in hand more than doubled—chiefly as a result of the Boeing project—to stand at L451bn by December 31.

The principal difficulty for the state controlled group, which plans to change its name to Aeritalia, Societa Spaziale Italiana PA, to signify its growing involvement in the space industry sector, remains its relations with the Government, the source of defence orders.

Yesterday's statement indicated that the Defence Ministry here owed L50bn in back payments to Aeritalia. This compares with total investments in projects for the defence sector of L148bn at the end of last year.

Aeritalia also declared that the Government had so far failed to make available any of the L100bn promised for its collaboration with Boeing under a 1975 law. As a result it has been forced to borrow very expensively on the Italian capital market.

Despite these problems, however, Aeritalia is confident that its financial performance will improve steadily from now on, as its 15 per cent share in the 767, worth potentially an estimated $2bn as orders take more concrete form.

The company is the Italian partner, along with Britain and West Germany, in the three-nation Tornado MRCA multi-role combat aircraft venture, while it has strong hopes of attracting new orders for its G-222 military transport during 1979.

Cockerill to invest $865m

BRUSSELS — Cockerill, the Belgian steel group, is to invest BFr 26bn ($865m) under the five-year investment and restructuring plan agreed with the Government last November.

The company will build a new blast furnace at Ougree, two continuous casting installations at Chertal and Seraing and also improve the cold steel rolling sector at Chertal. The individual cost of these investments was not disclosed but Cockerill added it will reduce its 14,588 workforce by about 2,000 by 1984 through natural wastage.

Cockerill said its investment *plans are subject to approval* by the national committee for planning and control of the steel industry and by the new *Cockerill Board which* will include representatives of public bodies since the state has a 30 per cent stake in the company.
Reuter

Favourable prospects for Dutch publishing group

BY OUR AMSTERDAM CORRESPONDENT

PROSPECTS FOR the Dutch *publishing* group, VNU, are favourable after improved profits last year. Its return on assets rose to the projected 13 *per cent in 1978 from 11.3 per* cent the year before.

In particular the improvement of the general book publishing operations is expected to boost the company's results while the cost of restructuring two group companies is not *likely* to be *significant*. Advertising revenues for periodicals are slackening off but the outlook for newspaper and *specialist* magazine advertising is still good, VNU said in its annual report.

Operating profit rose 3 per cent last year to Fl 78.5m ($38.1m) on sales which were 9 per cent higher at Fl 1.1bn ($534m). Excluding the impact of Fl 8m start-up costs for new projects, operating profit would *have risen* 14 per cent. Extraordinary items and lower tax and net interest charges contributed to the 31 per cent rise at the net level to Fl 39.7m. VNU proposes raising its dividend to Fl 6 per share from Fl 4.70. Net profit per share rose 31 *per cent* to *Fl 16.81*.

Profits of the periodicals group fell because of increased costs and higher starting-up expenses for new projects while higher social security charges reduced the result of the sales division. The remaining divisions—books, printing, newspapers and business publications—all improved profits.

VNU is studying expansion abroad in view of the "limited prospects in Holland" and has increased funds available for *this purpose*.

Georg Fischer dips into loss

By Our Financial Staff

SWISS ENGINEER, Georg Fischer, has moved into the red for 1978, reporting a loss of SwFr 8m ($4.7m) against the net profit of SwFr 20m.

Two months ago, when reporting a dip in sales to SwFr 1.28bn from SwFr 1.4bn for the year, the company forecast a decline in profit. Dividend is being maintained on both Bearer (SwFr 25) and Registered (SwFr 5) shares.

Production units, which are mainly located in Switzerland, were particularly affected by the exchange situation last year.

SANTOS

State plans to limit shareholdings

BY JAMES FORTH IN SYDNEY

THE SOUTH Australian State Government plans to legislate to limit single shareholdings in Santos—the major partner in the Cooper Basin gas and liquids fields—to a maximum of 15 per cent of the capital—in a move which has been approved by the Australian stock exchanges. The Cooper Basin supplies Adelaide, the capital of South Australia, and Sydney, New South Wales with natural gas.

Studies are underway to utilise the liquids in the fields, including the possibility of a major petrochemical complex at Redcliff, SA, to be built by Dow Chemical of the U.S. The shareholding restriction would mainly affect the Perth businessman, Mr. Alan Bond, who haads a group of five associated companies which last September purchased a 37.5 per cent shareholding in Santos from Burmah Oil of the UK. The Bond group agreed to pay A$36m in a time-payment deal which runs until November 30 this year.

Tha NSW gas utility, Australian Gas Light (AGL) has also recently been buying Santos shares. AGL bought a 10 per cent holding from the Total oil group and purchased more shares on the market, to lift its stake to 17 per cent.

The Scuth Australia Mioister for Mines and Energy, Mr. Hugh Hudson said that the State Government believed it was not in the interests of South Australia to have complete control of the company exercised by an organisation outside the state, whether it was Bond Corporation or AGL. He said that Cooper Basin natural gas had supplied 34 per cent of South Australia's primary energy in 1978, and that Santos' share of those sales had been almost 46 per cent. As the major supplier of aconomical energy to South Australians and SA Industry and as the Cooper Basin operator, the future operations of Santos were of vital significance to the economic well-being of the state.

The SA parliament is in recess, but Mr. Hudson said it was probable a special meeting of Parliament would be called towards the end of May to pass the legislation. Mr. Bond had indicated that his aim was to achieve 51 per cent of Santos, and then to consolidate it within Bond Corporation, Mr. Hudson said.

When the Bond Grnup acquired the holding in Santos, the market price of the shares was around A$1.65 a share. The price has lately been up to A$2.75.

The proposal by the state Government is likely to reduce the sales potential of the Santos shareholding.

Santos held its annual meeting in Friday in Adelaide. At the meeting Mr. Bond announced that the company had organised a A$275m overseas line of credit which could either help speed tha development of the Redcliff project or to finanee alternative schemes to utilise the liquids.

Australian stock exchanges have strongly attacked the plans of the South Australian state government to introduce legislation to limit individual shareholders in Santos to a maximum of 15 per cent of the capital. The committee of the Adelaide exchange—the home exchange of Santos—said that the proposal would bring about a general lack of confidence among the providers of risk capital, particularly in the area of high risk exploration for energy resources

Shareholders were also told of proposals to reconstruct the company's complicated capital structure, which would probably provide scope for the issue of scrip to exiating holders.

The Adelaide exchange was backed up in its opposition to the SA plan by the chairman of the Australian Associated Stock Exchanges, Mr. Denis Tricks, who said that all investors, particularly foreign investors, would view this "ill-considered" intervention as yet another precedent for retrospective legislation. The move would reduce confidence in the political stability of Australia.

The Adelaide committee said that it accepted that there were certain services which must be provided and regulated in the interests of the community as a whole and that it was a legitimate responsibility of Government to take an interest in the development and supply of natural resources for the benefit of the Commonwealth or of a State. But the proposed legislation introduced a retrospective element to the degree of ownership and voting rights of certain classes of shareholders, which was in conflict with the current provisions of Santos' Articles of Association.

It was not unreasonable to expect that the loss of confidence angendered would rub off onto other areas that required the raising of vanture capital. The committee said thot it therefore believed the Government should make a "clear and precise" statement as to its policy on the protection of South Australian businesses and natural resources.

The Government's claim that the proposed legislation was to safeguard and protect tha interests of all South Australians, the committee said, did not recognise that Santos shareholders had provided the funds which led to the discovery and production of these resources, nor did it recognise that those shareholders had a right in determining what restrictions might be imposed which would affect the benefit of their ownership.

Haw Par sets up underwriting deal for Setron

By H. F. Lee in Singapore

THREE MERCHANT banks—United Chase Merchant Bankers, Standard Chartered Merchant Bank Asia and Wardley—have agreed to underwrite the 17.85m new Haw Par Brothers International shares which are to be issued if Haw Par succeeds in acquiring the entire issued capital of Setron, the Singapore electronics concern.

The shares have been underwritten at S$1.60, as disclosed by Haw Par when it announced that it had appointed United Chase Merchant Bankers to advise the company on its takeover offer for Setron.

Nampak's turnover increases 20%

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA'S largest packaging group, Nampak, has reported a turnover increase to R115.6m ($137.3m) for the six months to March 31, 1979, compared with R76.8m for the six months to June 30, 1978, and R128.2m for the nine months to September 30.

Because Nampak's operating subsidiaries in Rhodesia merged with that country's largest paper group, Hunyani, with effect from January 1, the results are not strictly comparable as the Rhodesian interests are not consolidated and thus have had no effect on the latest interim results. Nampak now has 73 per cent control of Hunyani.

Nampak was formerly Reed Nampak and a subsidiary of Reed International. Control of the Nampak group was bought by Barlow Rand last August for R64.6m. Its own "Barpak" packaging and paper interests were then merged with the former Reed Nampak and a valuation of R18.8m placed on the new company, Nampak.

Although no details are given of contributions of each part of the group, Mr. Bas Kardol, Nampak's chairman, reports that real sales growth over the past six months had been about 20 per cent helped by exceptionally high volumes in the first quarter.

Before-tax profit for the six months is reported at R19.7m ($23.36m) against R24.5m for the preceding nine months. However, from next year reduced profit margins are expected to be largely offset by benefits flowing from the group's rationalisation programme in progress.

On earnings per share of 43.8 cents (nine months to September 30: 59.0 cents) an 18 cents interim dividend has been declared (total for previous nine months: 25 cents). In Johannesburg, the share is trading at 625 cents.

Singapore Bus Service results

By Our Singapore Correspondent

SINGAPORE BUS Service (1978), which operates Singapore's national bus transport network has reported post-tax profit of S$7.94m (US$3.6m) for the nine months to December 1978.

SBS (1978) was formed only in April, 1978, through the reconstruction of its predecessor, SBS, to allow for public participation in the company.

The company has proposed a first and final gross dividend of 7.5 per cent.

Upturn at South African steel group

BY OUR JOHANNESBURG CORRESPONDENT

STEWARTS AND LLOYDS of South Africa, the diversified steel and engineering group, raised its pre-tax income by 99.1 per cent to R6.8m ($8m), from R3.4m in the first half of the year to September 1978. For the full 1977-78 year, pre-tax income came to R8.8m.

British Steel has a direct 21 per cent stake in the company, and an indirect stake through its 35 per cent investment in International Pipe and Steel Investments South Africa (IPSA), which controls Stewarts and Lloyds SA through a 52 per cent shareholding.

Improved turnover and fixed cost recoveries helped the company to its pre-tax gain. However, with a higher effective tax rate of 40 per cent (1978 first half, 30 per cent) first-half attributable earnings per share rose less sharply, by 78 per cent to 16.4 cents, from 9.2 cents in the first-half of 1977-78. Stewarts' results generally exhibit a distinct seasonal bias—with better second-half earnings than first.

Turnover in the half-year increased by 27.7 per cent to R128.8m ($153m), from R100.8m in the first-half of 1977-78, when turnover for the full year totalled R227.8m.

Barring any major economic or political upsets during the current second half, the board expects the normal second-half improvement to take place, and a significant improvement to be seen on last year's per share earnings of 27.6 cents. At 218 cents in Johannesburg, the share yields 7.8 per cent on last year's 17 cent dividend.

JAPANESE DEPARTMENT STORES

Big rises in profits from slight gains in sales

BY YOKO SHIBATA IN TOKYO

FIVE MAJOR Japanese department stores, Mitsukoshi, Daimaru, Takashimaya Matsuzakaya and Sogo have announced record operating profits for the 1978 fiscal year to February.

A sluggish recovery in consumer spending was reflected in the sales by amounts ranging up to 7 per cent.

Matsuzakaya showed the sharpest gain in sales, with a rise of 6.7 per cent to Y274.43bn (£1.3bn), and was followed by Daimaru, up 6.6 per cent to Y391.15bn. The smallest sales progress was reported by the largest department store Mitsukoshi, where turnover went up 4.3 par cent to Y469.34bn, or Y1.4bn short of the original target.

A sharp gain in operating profits, up 22.1 per cent by the five companies was registered. Profit recovery was largely attributed to improvement in the profit ratio, benefiting from the consolidated purchase of goods and inventory adjustments, and the cutting of the interest payment burden.

Daimaru's gross profit ratio improved 0.58 of a percentage point to 22.52 per cent. Mitsukoshi's gross profit ratio, however, fell by 0.5 percentage point to 25.83 per cent.

Takashimaya repaid Y6bn of borrowing, and Matsuzakaya repaid Y3.7bn. Mitsukoshi follows a non-borrowing policy.

For the current fiscal year, ending February, 1980, most department stores forecast 5 per cent growth in sales, against the background of a recovery of consumer spending as fears of a recurrence of inflation mount. An average 3 per cent gain in operating profits is foreseen by the five companies. The lower profit growth is forecast because of the absence of the effects of rationalisation and interest payment reduction.

Daimaru continues to expect double-digit growth in operating profits to 12.3 per cent (Y10.2bn), according to its forecast, while Takashimaya looks for a 9.6 per cent gain, to Y9.6bn. Mitsukoshi sees its operating profits as Y22.8bn, up 0.8 per cent.

As a result of heavy investment costs of Y1bn for the financing of the new Takatsuki branch opening this November, Matsuzakaya sees operating deficits as falling 0.8 per cent to Y6.8bn. Sogo expects a rise of 2.7 per cent to Y4.3bn.

CURRENCIES, MONEY and GOLD

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on April 30, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rate; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (bas) basic rate; (bg) buying rate; (bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	90.00
Albania	Lek	10.183
Algeria	Dinar	7.992
Andorra	French Franc	9.11
	Spanish Peseta	135.55
Angola	Kwanza	60.118
Antigua (S)	E. Caribbean $	5.59
Argentina	Ar. Peso Free Rate	2487
Australia (S)	Australian $	1.8766
Austria	Schilling	28.905
Azores	Portug. Escudo	101.60
Bahamas (S)	Ba. Dollar	2.0690
Bangladesh (S)	Taka	31.89 (sg)
Bahrain (S)	Dinar	0.789
Balearic Isles	Spa. Peseta	135.53
Barbados (S)	Babados $††	4.138
Belgium	B. Franc	(cm) 62.60
		(fn) 63.90
Belize	B $	4.138
Benin	C.F.A. Franc	452½
Bermuda (S)	Bda $	2.0690
Bhutan	Indian Rupee	17.075 (sg)
Bolivia	Bolivian Peso	41.38
Botswana (S)	Pula	1.71346
Brazil	Cruzeiro ‡‡	48.99
Brit. Virgin Isles (S)	U.S. $	2.0690
Brunei (S)	Brunei $	4.8670
Bulgaria	Lev	1.766
Burma	Kyat	13.918
Burundi	Burundi Franc	187.34
Cameroon Repub'c	C.F.A. Franc	452¼
Canada	Canadian $	2.3625
Canary Islands	Spanish Peseta	135.55
Cape Verde Isle	Cape V. Escudo	76.556
Cayman Islands (S)	Cay. Is. $	1.7242
Cent. African Rep.	C.F.A. Franc	452¼
Chad	C.F.A. Franc	452¼
Chile	C. Peso	(Bk) 74.40
China	Renminbi Yuan	3.2411
Colombia	C. Peso	(F) 27.22
Comoro Islands	C.F.A. Franc	439¼
Congo (Braz'aville)	C.F.A. Franc	452¼
Costa Rica	Colon	17.79
Cuba	Cuban Peso	1.4988
Cyprus (S)	Cyprus £	0.7426
Czechoslovakia	Koruna	(com) 11.45
		n/c 22.72
		(T) 19.25
Denmark	Danish Krone	10.99
Djibouti	Fr.	540.0
Dominica (S)	E. Caribbean $	5.59
Dominican Repub.	Dominican Peso	2.0690
Ecuador	Sucre	(O) 57.56
		(F) 58.93
Egypt	Egyptian £	(U) 1.4025
Equatorial Guinea	Peseta	135.55
Ethiopia	Ethiopian Birr	(P) 4.2877
Falkland Islands (S)	Falkland Is. £	1.0
Faro Islands	Danish Krone	10.99
Fiji Islands	Fiji $	1.7480
Finland	Markka	8.5275
France	French Franc	9.043
French C'tyin Af*	C.F.A. Franc	452¼
French Guiana	Local Franc	9.045
French Pacific Is.	C.F.P. Franc	164.463
Gabon	C.F.A. Franc	439¼
Gambia (S)	Dalasi	4.05999
Germany (East)	Ostmark	3.93
Germany (West)	Deutsche Mark	3.93
Ghana (S)	Cedi	5.51 (sg)
Gibraltar (K)	Gibraltar £	1.0
Gilbert Islands	Australian $	1.8735
Greece	Drachma	76.916

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	10.99
Grenada (S)	E. Caribbean $	5.59
Guadaloupe	Local Franc	9.045
Guam	U.S. $	2.0690
Guatemala	Quetzal	2.0690
Guinea Republic	Sily	40.03
Guinea Bissau		71.55
Guyana (S)	Guyanese $	5.276
Haiti	Gourd	10.345
Honduras Repub.	Lempira	4.15
Hong Kong (S)	H.K. $	10.390
Hungary	Forint	(com) 75.61
		(T)(nc) 42.06
Iceland (S)	I. Krona	689.03
India (S)	Ind. Rupee	17.073
Indonesia	Rupiah	1293.1
Iran	Rial	156.10
Iraq	Iraq Dinar	0.6053
Irish Republic (k)	Irish £	1.0305
Israel	Israel £	46.70
Italy	Lira	1749.5
Ivory Coast	C.F.A. Franc	438¼
Jamaica (S)	Jamaica Dollar	3.600
Japan	Yen	459.25
Jordan (S)	Jordan Dinar	0.613 (sg)
Kampuchea	Riel	2482.2
Kenya (S)	Kenya Shilling	15.498
Korea (Nth)	Won	1.77 (ll)
Korea (Sth)	Won	998.83
Kuwait (Sth)	Kuwait Dina	0.573
Laos	Kip Pot Po	287.2
Lebanon	Lebanese £	6.8518
Lesotho	S. African Rand	1.7550
Liberia	Liberian $	2.0690
Libya	Libyan Dinar	0.6124
Liechtenstein	Swiss Franc	3.5626
Luxembourg	Lux Franc	62.60
Macao	Pataca	11.131
Madeira	Portug'se Escudo	101.60
Malagasy Republic	MG Franc	452¼
Malawi (S)	Kwacha	1.69425
Malaysia (S)	Ringgit	4.6060
Maldive Islands (S)	Mal Rupee	6.1317
Mali Republic	Mali Franc	904.2
Malta (S)	Maltese £	0.7380
Martinique	Local Franc	9.045
Mauritania	Ouguiya ‡	90.066
Mauritius (S)	M. Rupee	12.5065
Mexico	Mexican Peso	47.17
Miquelon	C.F.A. Franc	452¼
Monaco	French Franc	9.045
Mongolia	Tugrik	(D) 5.867 (l)
Montserrat	E. Caribbean $	5.69
Morocco	Dirham	8.16 (sg)
Mozambique	Moz. Escudo	83.096
Nauru	Australian Dollar	1.8735
Nepal	Nepalese Rupee	24.828
Netherlands	Guilder	4.265
Netherland Antilles	Antillian Guilder	3.70351
New Hebrides	Franc.	146.192
	Aust. Dollar	1.8735
New Zealand (S)	N. Z. Dollar	1.9800
Nicaragua	Cordoba	20.83
Niger Republic	C. F. A. Franc	452¼
Nigeria (S)	Naira	1.25738 (sg)
Norway	Norway Krone	10.6925
Oman Sul'ate of (S)	Rial Omani	0.708
Pakistan	Pakistan Rupee	20.29
Panama	Balboa	2.0690
Papua N. Guinea (S)	Kina	1.4960
Paraguay	Guarani	257.71

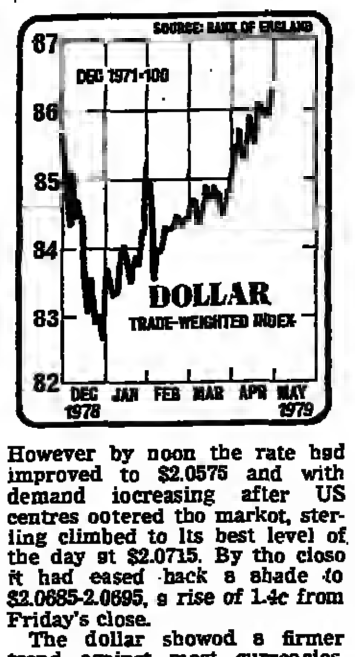
PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A) 0.7056
Peru	Sol	excl(A) 433.64
Philippines	Philippine Peso	15.2661
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	1.9800
Poland	Zloty	(Cm) 63.38
		(T) 63.38
Portugal	Portugu'se Escudo	101.60
Port Timor	Timor Escudo	101.60
Principe Islands	Portugu'se Escudo	101.60
Puerto Rico	U.S. $	2.0690
Qatar (S)	Qatar Ryal	7.89
Reunion Ile de la	French Franc	9.045
Rhodesia	Rhodesian $	1.45485
Romania	Leu	(Cm) 9.07
		(c/e) T 24.35
Rwanda	Rwanda Franc	192.01
St. Christopher (S)	E. Caribbean $	5.59
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.58
St. Pierre	C.F.A Franc	452¼
St. Vincent (S)	E. Caribbean $	5.59
Salvador El	Colon	5.16
Samoa American	U.S. $	2.0690
San Marino	Italian Lira	1,749.5
Sao Tome	Portugese Escudo	101.60
Saudi Arabia	Ryal	6.95
Senegal	C.F.A. Franc	452¼
Seychelles	S. Rupee	13.33
Sierra Leone (S)	Leone	2.2019
Singapore (S)	Singapore $	4.5670
Solomon Islands (S)	Solomon Is. $	1.87245
Somali Republic	Somali Shilling	(A) 13.02435
South Africa (S)	Rand	1.7550
South West African Territories (S)	S. A. Rand	1.7350
Spain	Peseta	155.55
Spanish ports in North Africa	Peseta	135.55
Sri Lanka (S)	S. L. Rupee	31.7855
Sudan Republic	Sudan £	(A) 0.8275
Surinam	S. Guilder	3.70351
Swaziland (S)	Lilangeni	1.7350
Sweden	S. Krona	9.11
Switzerland	Swiss Franc	3.5625
Syria	Syria £	(A) 8.1206
Taiwan	New Taiwan	(P) 74.484
Tanzania (S)	Tan. Shilling	15.80
Thailand	Baht	41.4850 (sg)
Togo Republic	C.F.A. Franc	459¼
Tonga Islands (S)	Pa'ange	1.8724
Trinidad (S)	Trinidad & Tob. $	4.9656
Tunisia	Tunisian Dinar	0.845 (sg)
Turkey	Turkish Lira	50.10
Turks & Caicos	U.S. $	2.0690
Tuvalu	Australian $	1.8768
Uganda (S)	Uganda Shilling	n.a.
United States	U.S. Dollar	2.0685
Uruguay	Uruguay Peso	(cm) 15.64
		(fn) 15.65
Utd. Arab Emirates	U.A.E. Dirham	7.89
U.S.S.R.	Rouble	1.39
Upper Volta	C.F.A. Franc	458¼
Vatican	Italian Lira	1748.8
Venezuela	Bolivar	8.86
Vietnam	Dong	(O) 4.51042
		(T) 4.070 (l)
Virgin Islands U.S.	U.S. Dollar	2.0690
Western Samoa (S)	Samoan Tala	1.5004
Yemen	Ryal	8.29 (sg)
Yugoslavia	New Y Dinar	38.9182
Zaire Republic	Zaire	5.207065
Zambia	Kwacha	1.64

* That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 86.896. Based on gross rates against Russian rouble. ** Rate is the Transfer market (controlled). †† Rate is now based on 2 Barbados £ to the dollar. ‡‡ Now one official rate. (U) Unified Rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and are not members of IMF.

Sterling firm

Sterling improved quite sharply in yesterday's foreign exchange market, although trading was not particularly heavy. A good deal of uncertainty remained ahead of the General Election and trading may also have been affected by end of month technical movements. Nevertheless demand for sterling started to pick up around mid-morning with buying interest once coming from Germany. On a trade weighted basis, the pound's index rose to 67.1 at the close against 66.5 on Friday, having stood at 66.8 at noon and 66.5 in the morning.

Against the dollar sterling opened at $2.0500 and touched its lowest level soon after at $2.0470.



However by noon the rate had improved to $2.0575 and with demand increasing after US centres entered the market, sterling climbed to its best level of the day at $2.0715. By the close it had eased back a shade to $2.0685-2.0695, a rise of 1.4c from Friday's close.

The dollar showed a firmer trend against most currencies, boosted by better than expected trade figures for March and higher U.S. interest rates. Against the Deutsche Mark it closed at DM 1.8985 compared with DM 1.8925 on Friday and SwFr 1.7210 against SwFr 1.7140 in terms of the Swiss franc. The Japanese yen was also weaker with the dollar rising to Y221.90 from Y219.70. On Bank of England figures the dollar's trade weighted index rose to 86.3 from 86.1.

The Irish punt lost ground against most currencies and was quoted at $2.0050 against the dollar compared with $2.0160 on Friday. Against the French franc the punt eased to Fr 8.7560 from Fr 8.7745 and against the D-mark fell to DM 3.8085 from DM 3.8149. In terms of the guilder it fell to Fl 4.1300 from Fl 4.1358, with the lira at L1,696.75 against L1,705.64 and to Danish kroner at DKr 10.6545 from DKr 10.6686. The Belgian franc was unchanged at BFr 60.69.

FRANKFURT—The dollar was fixed at DM1.9013 at yesterday's fixing compared with DM 1.8935 on Friday and there was no intervention at that time by the Bundesbank. News of a sharply narrower U.S. trade deficit for March was seen as the main reason behind the dollar's improvement, but it was below its best level.

MILAN—In quiet trading the lira lost ground against sterling and the U.S. dollar but firmed against EMS currencies and the Swiss franc. The dollar was fixed at L847.45 up from Friday's level of L846.15, while sterling rose to L1,748.30 from L1,734.10. The D-mark was easier at L446.01 against L446.84 with the Swiss franc down to L491.75 from L492.85.

THE POUND SPOT AND FORWARD

April 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0470-2.0715	2.0685-2.0695	0.35-0.25c pm	1.74	0.70-0.60 pm	1.26
Canada	2.3340-2.3650	2.3620-2.3630	0.23-0.13c pm	0.91	0.63-0.53 pm	0.98
Nethlnd.	4.21½-4.27½	4.26-4.27	2¼-1¼c pm	4.92	5¾-4¾ pm	4.45
Belgium	61.95-62.70	62.55-62.65	30-20c pm	4.79	72-62 pm	4.28
Denmark	10.89-11.00	10.96½-10.99½	3¼-1¾ ore pm	3.08	5-3 pm	1.46
Ireland	1.0220-1.0315	1.0300-1.0310	0.17-0.27p dis	-2.56	0.65-0.75dis	-2.72
W. Ger.	3.89-3.94	3.92½-3.93½	2¼-1¼pf pm	7.63	7¼-6¼ pm	6.74
Portugal	100.20-101.80	101.45-101.75	50-110c dis	-9.45	140-240 dis	-7.48
Spain	135.60-136.70	136.50-136.60	10c pm-50c dis	-2.20	10-40 dis	-0.73
Italy	1,735-1,751	1,749-1,750	2 lire pm-par	0.69	2 pm-par	0.23
Norway	10.60-10.70	10.68½-10.69½	3¼-1¼ ore pm	3.09	5-3 pm	2.62
France	8.95-9.06	9.04-9.05	3¼-1¼c pm	3.98	8½-7½ pm	3.43
Sweden	9.04-9.12	9.10½-9.11½	2¼-½ ore pm	1.98	5¼-4¼ pm	2.21
Japan	452-462	458½-459½	3.30-2.80y pm	7.84	8.20-7.25 pm	6.73
Austria	28.67-28.95	28.88-28.93	18-8 gro pm	5.40	50-40 pm	5.67
Switz.	3.53-3.58	3.55½-3.56½	3¼-2¼c pm	10.95	10-9 pm	10.67

Belgium rate is for convertible francs. Financial franc 63.75-63.85. Six-month forward dollar 0.95-0.85c pm, 12-month 1.80-1.70c pm.

THE DOLLAR SPOT AND FORWARD

April 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0470-2.0715	2.0685-2.0695	0.35-0.25c pm	1.74	0.70-0.60 pm	1.26
Ireland†	2.0040-2.0080	2.0040-2.0060	0.78-0.63c pm	4.25	2.13-1.98 pm	4.10
Canada	87.63-87.69	87.63-87.67	0.03-0.08c pm	0.34	0.03-0.05 pm	0.34
Nethlnd.	2.0590-2.0635	2.0600-2.0620	0.70-0.60c pm	3.78	1.78-1.68 pm	3.35
Belgium	30.20-30.27½	30.26-30.27	3c pm-par	0.60	5-2 pm	0.46
Denmark	5.3000-5.3195	5.3130-5.3155	1.00-0.50 ore pm	1.69	0.50-par	0.19
W. Ger.	1.8980-1.9010	1.8980-1.8990	0.96-0.86 pf pm	5.75	2.71-2.61 pm	5.60
Portugal	48.60-49.15	49.05-49.15	33-48c dis	-9.91	90-115 dis	-8.35
Spain	66.02-66.05	66.02-66.07	5.15c dis	-1.22	45-65 dis	-3.03
Italy	845.00-848.70	846.00-846.50	0.55-0.85 lire dis	-1.00	1.50-2.40 dis	-0.92
Norway	5.1770-5.1780	5.1770-5.1780	0.95-0.45 ore pm	1.62	2.00-1.50 pm	1.35
France	4.3715-4.3740	4.3720-4.3740	0.83-0.63c pm	2.00	2.80-2.70 pm	2.56
Sweden	4.4010-4.4050	4.4020-4.4030	0.40-0.20 ore pm	0.82	1.40-1.20 pm	1.18
Japan	221.90-222.00	221.90-222.00	1.20-1.10y pm	6.22	3.15-3.05 pm	5.54
Austria	13.96-13.990	13.969-13.974	7.25-6.75 gro pm	6.01	18-16 pm	4.87
Switz.	1.7205-1.7240	1.7205-1.7215	1.46-1.36c pm	9.57	4.03-3.93 pm	9.25

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

April 30	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.623632	0.651940
U.S. $	9½	1.27695	1.34381
Canadian $	11¼	1.45931	1.39458
Austria Sch.	3¾	17.7433	18.3678
Belgian F	9	39.3611	39.2704
Danish K	8	6.78846	7.04675
D mark	4	2.42411	2.53906
Guilder	6½	2.61620	2.75590
French Fr	9½	5.63150	5.89320
Lira	10½	1076.54	1127.69
Yen	4¼	277.702	290.793
Nrwgn. K	7	6.59099	6.96898
Spanish Pts	8	86.4347	90.3587
Swedish Kr	6½	5.60444	5.85188
Swiss Fr	1	2.16692	2.26847

CURRENCY MOVEMENTS

Apr. 30	Bank of England Index	Morgan Guaranty changes %
Sterling	67.1	-37.5
U.S. dollar	86.3	-7.9
Canadian dollar	83.2	-14.2
Austrian schilling	145.5	+18.8
Belgian franc	113.5	+13.6
Danish kroner	116.8	+5.7
Deutsche Mark	149.4	+41.1
Swiss franc	194.2	+80.0
Guilder	124.1	+19.4
French franc	98.8	-6.8
Lira	55.8	-48.8
Yen	130.2	+39.2

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Apr. 30	£	$		Note Rates
Argentina Peso	2477-2497	1197-1207	Austria	28.90-29.20
Australia Dollar	1.8755-1.8775	0.9055-0.9076	Belgium	66.75-63.35
Brazil Cruzeiro	48.48-49.48	23.48-23.90	Denmark	10.83½-10.89½
Finland Markka	8.3150-8.3400	4.0233-4.0265	France	8.86½-8.96
Greek Drachma	75.290-77.160	36.40-37.36	Germany	3.86½-3.89½
Hong Kong Dollar	10.375-10.405	5.0300-5.0400	Italy	1,710-1,725
Iran Rial	147.10-157.10	72-75	Japan	453-458
Kuwait Dinar (KD)	0.566-0.578	0.2760-0.2790	Netherlands	4.19½-4.22½
Luxembourg Frc.	62.56-62.65	30.20-30.27	Norway	10.57-10.63
Malaysia Dollar	4.6095-4.6135	2.2285-2.2305	Portugal	98-109
New Zealand Dlr	1.9770-1.9830	0.9555-0.9585	Spain	135.25-137.25
Saudi Arab. Riyal	6.90-7.00	3.3615-3.3620	Switzerland	3.53-3.58
Singapore Dollar	4.5515-4.5575	2.2120-2.2130	United States	2.06-2.08
Sth. African Rand	1.73-1.76	0.8460-0.8505	Yugoslavia	40-44

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.2311	+1.96	+1.47	±1.53
Danish Krone	7.08592	7.06883	-0.27	-0.76	±1.635
German D-mark	2.51064	2.52843	+0.71	+0.22	±1.1325
French Franc	5.79831	5.81479	+0.28	-0.21	±1.35
Dutch Guilder	2.72077	2.74106	+0.75	+0.26	±1.5075
Irish Punt	0.662638	0.663316	+0.10	-0.39	±1.665
Italian Lira	1148.15	1127.69	-1.78	-1.78	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Apr. 30	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.069	3.930	459.3	9.045	3.563	4.265	1750.	2.363	60.60
U.S. Dollar	0.483	1.	1.899	222.0	4.373	1.722	2.061	845.8	1.142	29.30
Deutschemark	0.254	0.526	1.	116.9	2.302	0.906	1.085	445.2	0.601	15.95
Japanese Yen 1,000	2.177	4.505	8.557	1000.	19.70	7.757	9.287	3809.	5.144	136.5
French Franc 10	1.106	2.287	4.345	507.7	10.	3.939	4.715	1934.	2.612	69.91
Swiss Franc	0.281	0.581	1.103	128.9	2.539	1.	1.197	491.1	0.663	17.57
Dutch Guilder	0.234	0.485	0.921	107.7	2.121	0.835	1.	410.2	0.554	14.68
Italian Lira 1,000	0.572	1.183	2.246	262.5	5.170	2.036	2.438	1000.	1.350	35.78
Canadian Dollar	0.423	0.876	1.663	194.4	3.828	1.508	1.805	740.5	1.	25.50
Belgian Franc 100	1.597	3.305	6.278	735.5	14.48	5.691	6.813	2795.	3.774	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.45-10.55 per cent; three months 10.65-10.75 per cent; six months 10.90-11.00 per cent; one year 10.85-10.95 per cent.

Apr. 30	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	12⅛-12⅜	10⅛-10⅜	9⅞-10⅛	7-7¼	1-1⅛	4⅛-5	10-15	10-11	—	3⅞-4⅛
7 day's notice	12⅛-12⅜	10⅛-10⅜	9⅞-10⅛	6⅞-7⅛	1-1⅛	4⅝-5	10-16	10½-11½	10⅛-10⅜	3¾-4⅛
Month	12⅛-12⅜	10⅛-10⅜	10⅛-10⅜	7⅛-7⅜	1⅛-1⅜	5⅛-5⅜	9½-9	11-12	10⅛-10⅜	4⅛-4⅜
Three months	11⅞-12⅛	10⅝-10⅞	10⅜-11	7⅜-7⅝	1⅜-1⅝	5⅜-5⅝	8¼-9¼	11½-12½	10⅝-10⅞	4⅞-5⅛
Six months	11⅝-11⅞	11⅛-11⅜	10⅞-11⅛	7⅜-7⅝	2⅛-2⅜	3⅞-5	8⅝-9⅛	12-13	11⅛-11¼	5⅞-5⅞
One year	11-11⅛	10⅝-11⅛	10⅝-11	7¾-8	2¾-2⅞	5¼-5⅞	8¼-9⅝	13¼-13¼	10⅝-11⅛	6-6⅞

Long-term Eurodollar deposits: Two years 10⅛-10⅜ per cent; three years 10⅛-10⅜ per cent; four years 10⅛-10⅜ per cent; five years 10-10⅛ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Fed funds higher

The Federal Reserve injected funds into the banking system in New York yesterday by way of overnight repurchase agreements. On Friday the Fed moved to tighten interest rates by draining reserves from the money market, but left doubts as to the extent of the upward move in rates. Yesterday's intervention to add funds came as Fed funds moved up to 10⅜ per cent. The target range appeared to be a narrow band between 10⅛ per cent and 10⅜ per cent, in line with market expectations of a fairly mild tightening. Earlier predictions had put the Fed funds target rate between 10¼ per cent and 10¾ per cent, compared with rates of 10-10¼ per cent since the beginning of the year.

FRANKFURT — Call money rose to 5.10-5.30 per cent from 5.00-5.10 per cent. One-month was quoted at 5.30-5.50 per cent, compared with 5.35-5.45 per cent, while longer periods declined. Three-month funds fell to 5.50-5.70 per cent from 5.65-5.75 per cent; six-month to 5.80-6.00 per cent from 5.95-6.05 per cent; and 12-month to 6.00-6.20 per cent from 6.20-6.30 per cent.

PARIS — Day-to-day money returned to Thursday's level of 6¾ per cent yesterday, after rising sharply to 7¼ per cent on Friday. One-month rose to 6⅞-6⅞ per cent from 6¾-6⅞ per cent and three-month to 7-7⅛ per cent from 6⅞-7⅛ per cent. Six-month funds were unchanged at 7¼-7⅜ per cent, while 12-month firmed slightly to 7⅜-7⅝ per cent from 7⅜-7½ per cent.

SINGAPORE—United Overseas Bank, and the state owned Development Bank of Singapore, have raised their savings account interest rates. United Overseas has increased its rate by ½ per cent to 5½ per cent, while Development Bank, who last raised its savings account rate to 6 per cent from 5 per cent on March 9, has made a further increase to 6½ per cent. United Overseas has also pushed up fixed deposit rates by ½ per cent, to 5½ per cent for one-month; 6 per cent for three-month; and 6½ per cent for six-month. At the beginning of last week Development Bank, and the Overseas Union Bank (which together with United Overseas, and Overseas-Chinese Banking Corporation, are the big four Singapore banks) raised their prime lending rates, continuing the upward trend in interest rates this year.

HONG KONG—The money market was tight in the morning and easy in the afternoon, with call money at 18½ per cent, and overnight at 18 per cent.

GOLD

Firmer trend

Gold improved by $1½ an ounce in the London bullion market yesterday to close at $246-246¾. Demand remained fairly good for most of the day and the closing level was sharply firmer than the opening rate of $242½-243½. The Krugerrand's premium over its gold content widened to 5.83 per cent from 5.36 per cent for domestic delivery, but narrowed to 2.79 per cent from 3.11 per cent in international dealings.

	Apr. 30	Apr. 27
Gold Bullion (fine ounce)		
Close	$246-246¾	$244½-245¼
	(£118.8-119.2)	(£118.3-118.3)
Opening	$242½-243¼	$242¾-243½
	(£118.5-118.7)	(£118.4-118.7)
Morning fixing	$243.45	$242.73
	(£118.312)	(£118.530)
Afternoon fixing	$245.30	$243.70
	(£118.751)	(£118.508)
Gold Coins, domestically		
Krugerrand	$258¾-262¾	$256-260
	(£125-127)	(£124¼-126¼)
New Sovereigns	$67¼-69	$66¾-27¾
	(£32½-35½)	(£32-33)
Old Sovereigns	$82-84	$81½-83½
	(£39½-40½)	(£39¾-40¾)
Gold Coins, Internationally		
Krugerrand	$252½-254½	$251½-253½
	(£122-123)	(£121½-122½)
New Sovereigns	$65-65	$63¼-65¼
	(£30½-31½)	(£30½-31½)
Old Sovereigns	$82-84	$81½-85½
	(£39½-40½)	(£39¾-40¾)
$20 Eagles	$358½-357½	$352-357
$10 Eagles	$192-197	$193-198
$5 Eagles	$132-137	$133-138

In Paris the 12½ kilo bar was fixed at a record high of FFr 34,920 per kilo ($248.97 per ounce) compared with FFr 34,750 ($246.87) in the morning and FFr 34,650 ($247.46) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 14,910 per kilo ($243.89 per ounce) against DM 14,810 ($243.28) previously.

UK MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave a large amount of assistance by buying a small number of Treasury bills from the discount houses and banks, and a small amount of local authority bills from the houses. The Bank of England also bought a small quantity of eligible bank bills for resale to the market at fixed future dates. The help was completed by lending a moderate amount, overnight to four or five houses, at Minimum Lending Rate of 12 per cent.

The authorities' expression of the size of help has been revised to take into account inflation over recent years. Descriptions of the scale of assistance were last revised in 1976, and the Bank of England feels that the new scales will reflect more accurately their true meaning, since in recent months the higher scales have been used with increasing frequency.

Banks brought forward moderate surplus balances, and there was a moderate surplus of Government disbursements over revenue payments to the Exchequer. On the other hand repayment was made of the money borrowed on Friday, there was a very small increase in the note circulation, and the market was also faced with end of the month oil settlements.

Discount houses paid 12 per cent for secured call loans in the early part, with closing balances taken at 11½-11¾ per cent.

In the interbank market overnight loans opened at 12½-12¾ per cent, and fell to 10½-11 per cent in the afternoon, before closing at 12 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Apr. 30 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	10½-19¼	—	—	—	19½	11½-12	—	—	—
2 days notice	—	—	12-12⅝	—	—	—	—	—	—	—
7 days or..	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12-13¼	12⅛-19⅝	—	19½	19½	12	—	—	—
One month	12⅛-11⅞	12⅛-12⅛	12¼-12¼	12⅛-11¾	12½	12⅝	11⅝-11⅞	11¼-11⅜	11⅜	12⅝
Two months	11⅛-11¾	11⅝-11⅛	—	11⅜-11⅝	19⅝	—	11½-11⅝	11⅛-11⅝	11⅛-11¼	12⅝
Three months	11⅛-11½	11⅝-11⅛	11⅜-13	11½-11⅛	12¼	12	11¼-11½	11⅜-11⅛	11⅛-11⅛	11⅞
Six months	11⅛-10⅞	11⅛-11⅜	11⅜	11⅛-10⅜	12	—	—	—	10⅞-10⅝	11⅞
Nine months	10⅞-10⅞	11-11⅛	—	11⅜-11	11¼	—	—	—	—	—
One year	10¾-10⅝	11-11⅛	11-11¼	11¼-10⅞	11½	—	—	—	—	—
Two years	—	—	11⅛-11½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years, 11⅜-11⅝ per cent; four years 11⅝-11⅞ per cent; five years 11⅞-12 per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11-11⅛ per cent; four-month trade bills 12 per cent.

Approximate selling rates for one-month Treasury Bills 11⅞ per cent; two-month 11⅜ per cent; three-month 11⅜-11⅞ per cent. Approximate selling rate for one-month bank bills 11⅞-11⅝ per cent; two-month 11⅝ per cent; and three-month 11⅜-11⅛ per cent; one-month trade bills 12½ percent; two-month 12½ per cent; and three-month 11⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from May 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 9-9½ per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.2863 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.25-11.75
Fed Funds	10.375
Treasury Bills (13-week)	5.63
Treasury Bills (26-week)	8.62
GERMANY	
Discount Rate	4
Overnight Rate	5.20
One month	5.40
Three months	5.80
Six months	5.90
FRANCE	
Discount Rate	9.5
Overnight Rate	6.75
One month	9.875
Three months	7.0625
Six months	7.3125
JAPAN	
Discount Rate	4.25
Call (Unconditional)	5.125
Bills Discount (three-mth.)	5.825

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It will be published in an eight-page format on the following dates in the remainder of 1979:

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July	9
August	13
September	10
October	15
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The greatest Club in Yorkshire. The greatest Club in the North of England. Possibly the greatest Club in England. It is a legend. Ask Shirley Bassey, Satchmo, Old Blue Eyes—they have all appeared there. Purpose-built with net floor space of 21,000 sq. ft. 200 Tarmac car parking spaces. 2-acre site. It could be yours for £195,000.

JOINT SOLE AGENTS
11, Bond Court, Leeds. Tel: 0532 459667

FOR SALE

Substantial interest with or without management participation in fast growing Midlands-based fastener distributors.

Turnover £1½ million, with above-average profits.

Please reply to Box G3761,
Principals only.
Financial Times,
10, Cannon Street, EC4P 4BY.

PROBLEM CHILD

Stainless and Mild Steel fabrication operation. Established several years but proving an uncomfortable drain on a small Group's resources, this activity has great potential in the right hands. Excellent premises (40,000 sq ft in Central Midlands). Well equipped (ASME coding, etc.). 35 employees (25 direct). Good IR and potential to recruit. Would suit established sub-contractor wishing to expand or operation with appropriate product to manufacture. Principals only write for further details to Box G.3767, Financial Times, 10 Cannon Street, EC4P 4BY.

HOTELS AND LICENSED PREMISES

SPECIALIST PRINTING

Interesting opportunity to purchase a small highly specialised company which has developed lenticular and 3-dimensional printing and also security printing technology.

This Surrey-based company is currently manufacturing in modern leasehold premises of 3,000 sq. ft. Purchaser with compatible interests, particularly in marketing and sales, should find this an excellent opportunity to take advantage of the stage 1 work and expenditure which has taken place.

Enquiries from principals only to
The Chairman
Box No. FT/578
Hanway House, Clerk's Place
Bishopsgate, London EC2

LONDON

UNIQUE WINING AND DINING RENDEZVOUS

Unrivalled Thameside Position.
Seating for 250 with Bar and Dance Floor.
Creation of New Sub-Lease of approx. 18 years. Offers invited around an in-going of £250,000.

DRUCE EST 1822
23 Manchester Square
London W1
Tel: 01-486 1252

BUSINESSES WANTED

PUBLIC COMPANY

Wishes to Purchase
a
STAINLESS STEEL FABRICATOR
Turnover £1/2,000,000

Principals only write Box G.3747, Financial Times, 10 Cannon Street, EC4P 4BY.

PRIVATE COMPANY WISHES TO ACQUIRE COMPANIES IN THE FOLLOWING—OR ALLIED FIELDS

Internal telephones, fire alarms, burglar alarms. Telephone answering, public address, time recorders. Pocket paging, mobile radio.

We are interested in either companies as a going concern, or more particularly, companies that are in financial trouble where either a receiver has been appointed or the existing shareholders would part with control in exchange for a substantial injection of funds.

Replies treated in strictest confidence.

Write Box G. 3727, Financial Times,
10, Cannon Street, EC4P 4BY.

WANTED

to purchase

CAR ACCESSORIES COMPANY

Reply to:
P. H. Betts,
P. H. Betts (Holdings) Ltd.,
2 Bridge Street,
Framlingham,
Woodbridge, Suffolk.

NON-FERROUS METAL MERCHANTS

based in the Midlands

are interested in acquiring a small foundry or other company engaged in a compatible non-ferrous trade.

Write Box G.3758, Financial Times, 10, Cannon Street, EC4P 4BY.

COMPANY NOTICES

117 GROUP FUND S.A.

société anonyme
Registered Office:
Luxembourg, 14, rue Aldringen
Registre de Commerce:
Section B no 9.210

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 3 p.m. on Monday, 7th May 1979 at 14 rue Aldringen, Luxembourg with the following Agenda:

1. To consider the reports of the Board and the Statutory Auditor.
2. To approve the Consolidated Statement of Net Assets at 31st December 1978 and the Consolidated Statement of Operations for the year ended on that date.
3. To approve the payment of a final dividend of $0.22 per share in respect of the year 1978 on or after 4th June 1978 to shareholders of record 7th May 1979.
4. To give the Board of Directors and the Statutory Auditor their discharge.
5. To re-elect the Directors and the Statutory Auditor.
6. To transact any other business.

Shareholders are advised that no quorum is required for the general meeting and that decisions will be taken by the majority of those shareholders present or represented at the meeting, subject to the restriction that no shareholder either personally or by proxy can cast votes in respect of more than one fifth of the shares of the Company then in issue, or two fifths of the shares present or represented at the meeting.

In order to vote at the Annual General Meeting on 7th May 1979 the owners of bearer shares must deposit their shares five clear days before the meeting at the Registered Office of the Company, 14 rue Aldringen, Luxembourg, or with one of the following banks:

Banque Générale du Luxembourg, S.A., 14 rue Aldringen, Luxembourg.
Midland Bank Limited, International Division, Suffolk House, 5, Laurence Pountney Hill, London, EC4 0EU, England.

For and on behalf of
117 GROUP FUND S.A.
The Board of Directors.

Société Anonyme registered in France with a capital of Frs.926,482,300
Registered Office:
1, rue d'Astorg, 75008 PARIS

GENERAL MEETINGS OF SHAREHOLDERS
MAY 29, 1979

I. NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders of Compagnie Financière de Suez will be held at the Grand Auditorium du Palais des Congrès, Centre International de Paris, 2, place de la Porte Maillot, 75017 Paris, on Tuesday, May 29, 1979, at 2.30 p.m. The agenda will be as follows:

—Report of the Directors;
—Report of the Auditors;
—Revaluation of the amortisable and non-amortisable fixed assets within the framework of the Acts of December 29, 1976, and December 30, 1977, and Decrees of June 1, 1977, and July 11, 1978;
—Approval of the transactions and the Accounts for the financial year 1978 and the Balance Sheet as at December 31, 1978, after revaluation;
—Allocation of profits and fixing of the Dividend;
—Ratification of the transfer, to the special reserve of long term gains, of an amount of Frs. 21,951,834.77 from the general reserve;
—Vote on the Special Report of the Auditors;
—Re-election of three Directors;
—Ratification of the appointment of a Director made on a provisional basis by the Board;
—Discharge of those Directors whose terms of office ended in 1978;
—Delegation of powers regarding compliance with formalities.

Only members holding at least five shares may take part in the Annual General Meeting, subject to the right of holders of fewer shares to combine their holdings (Art. 31 of Articles). However, members holding less than five shares, who are invited to attend an Extraordinary General Meeting convened immediately afterwards, may attend the Annual General Meeting. Such members will not, however, be entitled to take part in discussions or vote on Resolutions put to the Annual General Meeting.

II. At the conclusion of this Meeting an Extraordinary General Meeting will be held. The agenda will be as follows:

—Reports of the Directors and Auditors;
—Authority to be given to the Directors to increase the share capital by a maximum amount of Frs. 500,000,000 in one or several stages and by every means;
—Authority to be given to the Directors to issue stocks convertible into shares for a maximum amount of Frs. 500,000,000:
—on the French market, without waiver by shareholders of their preferential right of subscription;
—on the French and International market, with waiver by shareholders of their preferential right of subscription, but with right of priority for issues made in France;
—Delegation of powers regarding compliance with formalities.

All shareholders, whatever the number of shares held by them, may take part in this Meeting.

One attendance allowance of 20 Francs will be granted to each shareholder present, whatever the number of his shares, and whether he attends one Meeting or two.

Attention is called to the fact that no one can act as proxy for a shareholder at a Meeting unless that person is a shareholder, or the spouse, or the legal representative of the said shareholder (Art. 34, paragraph 5 of Articles).

Holders of registered share certificates will receive direct from COMPAGNIE FINANCIERE DE SUEZ the forms required to attend these Meetings or be represented thereat.

Joint owners are required to appoint one of themselves to deal on their behalf with the Company and the person so appointed shall be regarded as the owner.

In accordance with the requirements of Article 183 of the Act of July 24, 1966, and of Art. 15 of the Articles, persons beneficially entitled to the income from shares are called to the Annual General Meeting and persons not so entitled to the Extraordinary General Meeting.

To have the right to attend or be represented at these Meetings, holders of registered share certificates must be entered on the Company's Registers at least five days before the date of the Meetings, and holders of share warrants to bearer must deposit either their securities or the certificate of deposit of these securities at the Registered Office of the Company or with Banque de l'Indochine et de Suez, 62-64, Bishopsgate, London EC2N 4AR, also at least five days before the Meetings.

Shareholders unable to attend the Meetings but wishing to be represented thereat must lodge proxy papers with the Company within the same time limit of five days before the Meetings (Art. 34 of Articles).

Shareholders who intend to be present at the Meetings are requested to notify the Company's Registered Office as soon as possible, but at least five days before the date of the Meetings.

By Order of the Board.

ART GALLERIES

BROWSE & DARBY, 19, Cork St., W.1. DEGAS AND RODIN — Bronzes and drawings.

COLNAGHI, 14, Old Bond St., London, W.1. 01-491 7408. PAINTINGS FROM MUGHAL INDIA. 19 April-19 May. Mon.-Fri. 9.30-6. Sat. 10-1.

DECORATIVE INTERIORS GALLERY, 01-352 8950. 278, Fulham Road, London, SW10. Mon.-Fri. 11 am-7 p.m. Presently exhibiting Emile-Jacques Ruhlmann.

FINE ART SOCIETY, 148, New Bond St., W.1. 01-629 5116. "MORRIS AND COMPANY."

FRENCH INSTITUTE, Queensberry Place, South Ken. tube. Until 9th May, Mon.-Fri. 10 am to 6 pm. MIRANDE—Exhibition of Enamals and Jewellery. Admission free.

GALERIE GEORGE, 96-98, George Street, W 1. 01-935 3322. Fine 19th and 20th Century British and European oil paintings, watercolours and graphics at keen trade prices. £100-£2,000. Mon-Fri 10-6.

LEFEVRE GALLERY. CONTEMPORARY PAINTINGS. Weekdays 10-5. Sats. 10-1. At 30, Bruton Street, London, W.1. Tel. 01-493 1572.

SANDFORD GALLERY, Covent Garden, 1, Mercer Street, W.C.2. Off Long Acre. DOCUMENTING THE U.K. Drawings, Paintings and Watercolours of London and the British Isles, including Roger de Grey, R.A., Rodney Burn, R.A., Allan Gwynne-Jones, R.A., and Mary Fedden. Mon.-Sat. 11-6. Tel.: 379 6905.

WILDENSTEIN: RAUL RUSSO. Recent Paintings. Until 18th May. Weekdays 10-5.30. Saturdays 10-12.30. The Gallery will be closed on Saturday 5th and Monday 7th May. 147, New Bond Street, W.1.

SALEROOMS

PHILLIPS

THE AUCTIONEERS
7 Blenheim St., New Bond St.
London W1Y 0AS
Tel: 629 6602

CORRECTION

Regarding the Auction date of the ART NOUVEAU & DECORATIVE ARTS published in last Saturday's Financial Times.
This should have read:
Thursday 3rd May, 11 am

CLASSIFIED ADVERTISEMENT RATES

	per line £	single column cm. £
Commercial and Industrial Property	5.30	16.00
Residential Property	2.30	9.50
Appointments	5.30	16.00
Business & Investment Opportunities, Corporation Loans, Production Capacity, Businesses for Sale/Wanted	6.25	19.00
Education, Motors, Contracts & Tenders, Personal, Gardening	5.00	15.00
Hotels and Travel	3.00	12.00
Book Publishers	—	8.00

Premium positions available
(Minimum size 40 column cms.)
£1.50 per single column cm. extra

For further details write to:
Financial Times, 10, Cannon Street, EC4P 4BY.
Classified Advertisement Manager.

Photo of James Herriott

Farm animals fare better than some old people

But you can do something effective about their plight

It's a sad fact that in many poor communities overseas, old people are obliged to exist in a state that would be a disgrace were it inflicted on British farm animals. Hunger that slowly kills by one of the starvation diseases is a tragic result.

I am thankful to say that dedicated people are doing something practical to save them, to relieve suffering and change the situation. Major Dudley Gardiner, a retired British Officer, is one of them, and each day he literally feeds thousands in Calcutta. There are others whose great need is for basic equipment—a field kitchen, a Land-Rover or well-drilling gear to provide a crop growing water supply.

It would be difficult to find a better or more productive use for a legacy than one which enables such volunteers to give their skills in a way that saves so many lives.

£150 inscribes a name in enduring memory on the Dedication Plaque of a Day Centre.

Write or telephone for interesting information booklets and the annual report and accounts to: The Hon. Treasurer, The Rt. Hon. Lord Maybray-King, Help the Aged, Room FT3L, 32 Dover Street, London W1A 2AP (telephone 01-499 0972).

Testators may specify if they wish a bequest to be used for a particular purpose.

THE JOBS COLUMN

Refreshing start for Resource Exchange

BY MICHAEL DIXON

"ANOTHER 17 gin and tonics, please, three whiskies and a dry ginger, four light ales and a double orange juice," I said. The lady behind the small bar of the Financial Times 72 Club looked briefly up to heaven. "I hope you'll bring all these glasses back," she sighed, "because we're running out." I assured her we would, and we did.

So began, for me at least, the inaugural meeting of the Resource Exchange—the still largely notional comprehensive market intended to promote economic activity by fostering contacts among people with various kinds of resource. These can be money, or ideas for new products and services, work skills, factory space, manufacturing capacity, specialist advice and so on, whose owners may be located anywhere in the world.

The scheme grew, as regular readers will know, out of a chance contact between Michael Bretherton, of Right Match International in London, and the Jobs Column of December 5 last year. Over the following weeks numerous and various interested inquiries flowed in, mostly from individuals and companies in the United Kingdom, but also from five overseas countries.

Delighted by the impressive response Mr. Bretherton started to put some of the offered resources in touch with one another. It soon became clear, however, that if he was going to be able to do the work for which he actually gets paid, the Resource Exchange would have to have its own organisation. We knew that this needed to be both self-financing and minimally bureaucratic. The trouble was that we didn't know much else.

So on March 6 this column appealed for offers of unpaid, expert helpers to take part in a brainstorming session aimed at sorting out what kind of an organisation was needed. Once again the response gave the lie to anyone who says that British people are no longer interested in economic endeavour. The Financial Times, which has no official connection with the Resource Exchange, kindly offered to provide room and refreshment for the inaugural meeting of up to 35 volunteer helpers.

Short notice

Michael Bretherton set about inviting volunteers to attend the first session in the evening of April 10—which coincided with the start of the Jobs Column's Easter break, which in turn explains why this report has not appeared earlier. Since the meeting was arranged at short notice, Mr. Bretherton felt that only about half the invitations would be taken up and so asked about 55 people.

Fifty of them came, so exacerbating a problem which was all my fault. People who write for a living have a tendency to be somewhat unclear about what they mean when they speak, and I am evidently no exception. As well as refreshments in mid-evening, I wanted to supply the hard-working and therefore thirsty volunteers with a drink when they arrived at about 6.30 pm. But I did not manage to communicate that want to the generous FT catering department. In retrospect, I can safely say that there can be few more effective ways of learning about the importance of clarity in oral communication, than the experience of buying a round of 50 drinks at a small, busy bar.

However, this biggledy-piggledy start to the meeting seemed to create the right atmosphere for what, by general agreement, turned out to be a creative session, if nothing else. The volunteers—names would be invidious, but they were an impressive bunch—created so many ideas on paper during an exercise in what might best be termed "applied consequences" that Michael Bretherton, what with Easter in between, has not yet finished analysing them. Even so, certain developments from the meeting have already been put in train.

The most noticeable is perhaps that the Resource Exchange now has an emblem, designed and donated by construction consultant Lord Cunliffe. It looks rather like this:

Another development is that Mr. Bretherton has taken up the offers of four senior executives, who although engaged in various activities have time to spare, to act as catalysts in generating profitable projects from resources already on the exchange's index. At the time of writing these include ten companies wanting to acquire other firms; 40 individuals wanting to invest sums between £20,000 and £500,000; two dozen companies wanting cash investment; 30 inventions seeking development and commercial launching; 14 concerns seeking new products and services; and about 60 people offering managerial or other work skills, ranging from established consultants to jobless or prematurely retired managers.

The four volunteers are each taking about five potential projects and are doing their stuff on behalf of the exchange on a payment-by-results basis. If a project proves profitable, then they will receive some financial return from it. Otherwise . . . well, they will no doubt have learned something from the experience.

A third development, specifically requested by those at the meeting, was a regular newsletter to be available at an economic price to all wishing to be associated with the Resource Exchange. A certain Jobs columnist recklessly volunteered to produce a specification for the newsletter so that it could be circulated among interested parties by the end of June.

How it will look and who will publish it are as yet undecided, but the format will consist mainly of a classified listing of the various resources on offer. There is a snag, of course. It is that while resources submitted for inclusion in the newsletter will be filtered, the exchange and its agents would be unable to guarantee the genuineness of all offers made. So the title of the newsletter is already decided. It will be called *Caveat Emptor*.

The meeting also called on the Jobs Column to continue giving occasional reports on the exchange, so that its existence and development might be made known to an increasing audience. There should be little difficulty, I feel, in fulfilling that request.

Finally, some three hours after the initial gin-buying, the 50 volunteers agreed to go away, think carefully, and then write to say how much time and/or other contributions they were prepared to give, not as resources on the "comprehensive market," but to the further development of the exchange itself. The offers are still arriving, and are highly encouraging. As a result, it may well not be necessary to hold a second "brainstorming" session. So if there are any readers interested in contributing to the setting up of the Resource Exchange organisation, but who did not attend the meeting, a note of what they would be prepared to contribute would be welcomed by Michael Bretherton at Right Match International, 5, St. James's Place, London SW1A 1NP—Telex 97180.

Naturally, I have kept the nicest bit until last. Among the proffered contributions already on file are sums of launching finance from three companies and two institutions. Together these amount to about £30,000—which brings a warm glow to the heart, I can tell you. We shall not call on it until we are sure we can use it well, of course. But when—or, still perhaps, if—that day comes, I will certainly let you know.

SECRETARIAL APPOINTMENTS

FEDERAL HOUSING AUTHORITY

Internal and External Advertisement for Auditors

A. Applications are invited from suitably qualified candidates for appointment to the following vacancies in the Audit Services Department.

	Post	Qualifications	Years of Experience
1	Chief Internal Auditor GL.14 (N8,868–N9,828)	ACA, ACCA	10 years
2	Assistant Chief Internal Auditors GL.13 (N7,764–N8,724)	ACA, ACCA	7 years
3	Principal Internal Auditors GL.12 (N7,104–N7,752)	ACA, ACCA B.Sc (Accounting)	5 years 7 years
4	Senior Internal Auditors GL.10 (N5,460–N6,432)	ACA, ACCA BSc. (Accounting)	3 years 5 years
5	Internal Auditors I GL.09 (N4,368–N5,340)	ACA, ACCA BSc. (Accounting)	1 year 2 years
6	Internal Auditors II GL.08 (N3,264–N4,164	ACA, ACCA or BSc. (Accounting)	NIL
7	Principal Audit Inspectors II GL.10 (N5,460–N6,432)	ACCA Professional I, Intermed. Inst. of Chartered Accountants, CIS/HND (Accounting)	5 years
8	Senior Audit Inspectors GL.09 (N4,368–N5,340)	ACCA Professional I, Intermed. Inst. of Chartered Accountants. CIS/HND (Accounting)	3 years 2 years
9	Higher Audit Inspectors GL.08 (N3,264–N4,164)	ACCA Professional I, Intermed. Inst. of Chartered Accountants. CIS/HND (Accounting)	1 year NIL

B. Duties Audit Services Department operates on a Management Audit System, and its duties include the Audit of all Financial Records and Transactions; approval of all payment vouchers before actual payment is made.

The Department also examines the system of work, procedures, organisations and methods of all Departments of the Authority. The investigations of matters referred to it by other Departments and those it suspects to be irregular. Successful applicants are expected to have initiative, be painstaking and thorough. They will be required to take up duties and responsibilities commensurate with their post and salaries.

C. Salaries and Conditions of Service Point of entry into Grade Levels stated above shall depend on qualification and experience. Other conditions of service are similar to those applicable in the Public Service of the Federal Republic of Nigeria. For example, positions are pensionable, staff quarters are provided or Housing Allowance in lieu of quarters. Contract appointments will be for a minimum period of two years. Fifteen per cent (15%) contract addition will be added to the above salaries and paid to contract officers.

D. Method of Application 10 (Ten) copies of application and curriculum vitae together with photostat copies of certificates should be submitted. The Curriculum Vitae among other things should give nationality, date of birth and age, marital status, full employment history, and brief description of duties performed at different levels, present or last salary and earliest date of resumption if employed.

The applicant shall name three referees, one of which must be the present employer or Head of last Institution attended. It shall be the responsibility of the applicant to ensure that the referees forward their references to reach the Authority on the date and in the manner specified below: All applications and references should be addressed to:- The General Manager, Federal Housing Authority, Festival Town, Badagry Road, P.M.B 3200, Surulere, Lagos, and to reach him not later than 30th June, 1979. Late applications shall *not* be entertained.

The post applied for or in respect of which a reference is being made should be clearly marked at the bottom left corner of the sealed envelope forwarding the application or the reference.

Applicants in any of the Public Services of the Federal Republic of Nigeria including companies which Federal and/or State Government have interest or Statutory Corporations, shall forward their applications through their employers. Only short-listed applications shall be acknowledged and the Authority shall not enter into any correspondence with other applicants.

GENERAL MANAGER
FEDERAL HOUSING AUTHORITY

£6,000 accountancy appointments £9,000

ACCOUNTANTS

From £7,600

International Planned Parenthood Federation is an international non-governmental organisation, working to increase Family Planning knowledge and services throughout the world. Financial assistance is received from Governments as well as from voluntary contributions made by private citizens and foundations in many countries. The budget for 1979 is 160 million. The headquarters of the Federation is in London and 118 national member and non-member Associations are grouped in Regions. To cope with continuing growth in the sophistication of financial systems, the Federation wishes to fill these following vacancies at its London office:—

Head of Finance

Reporting to the Financial Controller and responsible for the full Central Office accounting function, setting accounting standards for the Federation and consolidating accouts. Professional qualifications required with 3 years post-qualification experience, preferably outside the profession. Some overseas travel will be involved.

Project Accountant

Required to join a team which has been established to design new systems, prepare an operating manual, train finance staff in the various locations world-wide and, latterly, monitor the results. A professional qualification required with a minimum of 3 years' post-qualification experience with some exposure to systems work. World-wide travel will be involved.

All posts require an awareness of development issues and international sensitivity and the ability to communicate effectively.

For all the above posts salary from c. £7,600 p.a. and an attractive benefits package is offered. Expatriates receive additional allowances and benefits.

Applications with full curriculum vitae should be addressed to:
The Personnel Manager,
IPPF.
18/20 Lower Regent Street,
London, SW1Y 4PW.

INTERNATIONAL PLANNED PARENTHOOD FEDERATION

NEW APPOINTMENTS

A fast expanding firm of Chartered Accountants situated in N.W. London wish to appoint a Manager/ess for their Accounts Preparation Department. SN in-house computer will be used to process accounts and therefore experience in this field would be an advantage but not a prerequisite. We are offering an attractive salary + incentive scheme, a friendly modern office and the job satisfaction of helping develop a new department.

Please telephone
Derrick Woolf on 01-267 4477
for further details.
Alternatively write giving details of your experience to
LEVY GEE, 100 CHALK FARM ROAD, LONDON NW1 8EH

ACCOUNTANT

required by electronics company in Welwyn Garden City to take charge of day-to-day accounts, budgeting and forecasting. The right applicant will have the opportunity to develop with this relatively small company as well as a responsible and rewarding job from the outset. Automation of the company's bookkeeping is currently being considered and D.P. knowledge would be helpful.

Salary negotiable but probably in the region of £7,500.

Reply in confidence to
Box A.6743, Financial Times, 10, Cannon Street, EC4P 4BY

YOUNG TAXATION ACCOUNTANT

City — **To £9,000 + benefits**

Our client is a well-known U.K. based Group with substantial and diverse interests at home and abroad. It now needs to strengthen its established Taxation Department at the Group's Head Office by appointing a young qualified accountant who wishes to specialise in corporate taxation and obtain valuable experience in a commercial environment. Reporting directly to the Group Taxation Manager, he/she will initially be responsible for the preparation of taxation computations and their subsequent submission and agreement with the Inland Revenue. After a period of familiarisation with the Group's activities the successful candidate will gradually become involved in all aspects of the complex taxation problems of the department.

Applications under Ref. No. RC. 111 to Miss Marion Williams, Extel Recruitment, Hazlitt House, 4 Bouverie Street, London EC4Y 8AB. Tel: 01-353 5272

Extel Recruitment Executive Selection Consultants

Excellent Opportunities in Accountancy NE London

LRC Products is a £multi-million turnover division of the LRC International Group, which manufactures and sells home and health care products.

Due to the expansion of their Accounts Department two new positions have been created and the opportunity now exists for you to join their management team as either:

Management Accountant Salary up to £7,000

Reporting to the Management Accounts Controller, your duties will include carrying out special investigations relating to new manufacturing investment and involvement in the development and implementation of improved costing and reporting systems.

Probably aged 25 plus, you will have recently obtained a CMA qualification, although candidates studying in their final year would also be considered.

Previous costing experience is essential.

Financial Accountant Salary up to £7,000

Reporting to the Financial Accounts Manager as head of a team you will be responsible for the preparation and finalisation of monthly and annual accounts and special investigations into the problems of implementing new accounting procedures.

You will probably be aged 25 plus and hold an ACA/ACCA qualification. Experiance of large company operations via audit work would be an advantage.

Excellent opportunities exist for advancement within the Company or the Group.

A full range of benefits are provided, including a non-contributory Pension and Life Assurance cover, 20 days' holiday a year and a staff restaurant. The Company would assist with relocation expenses if required.

If either of these positions interest you please contact:

Lew Ozarow, (01) 235 7030 Ext. 321
(Answering service out of hours: (01) 235 6938)

Applications are welcome from both men and women.

PER Professional & Executive Recruitment

FINANCIAL ACCOUNTANT

c. £7,000 plus Car

Post qualification experience, ambition, initiative and proven leadership together with success in heading a small division within this large retail company will open avenues of great promotional prospects. Relocation expenses, country club membership, medical insurance and subsidised restaurant are among the numerous company benefits. Call Ursula Adler on

01-828 8055

Churchill Personnel Consultants
Alford House, 15 Wilton Road,
London SW1V 1LT.

COMPANY ACCOUNTANT/ SUPERVISOR

c. £7,000

Rapidly expanding dynamic young company offer excellent company benefits together with the opportunity to create new accounting systems for their recently installed computer. Control credit, take complete charge and report directly to director. Call Ursula Adler for further details.

01-828 8055

Churchill Personnel Consultants
Alford House, 15 Wilton Road,
London SW1V 1LT.

AGGRESSIVE COST ACCOUNTANT

Fully experienced in the construction industry required for small but potentially fast-growing company in this field. Retired person might also suit whose experience could take us to the next stage of our development. All replies acknowledged.

Write Box A.6746, Financial Times, 10 Cannon Street, EC4P 4BY.

Accountancy Personnel

AS GOOD QUALIFIED?

CITY £6,500

Rare opportunity for young part or possibly unqual. accountant to prove that experience is often more important than qualification as Accountant to highly successful div. of diverse group. Total responsibility for a/cs. function (including new projects) and involvement in general management. Group prospects, excellent benefits package. Ref. (G)0058. CONTACT MOORGATE OFFICE.

CHIEF ACCOUNTANT/FINANCIAL CONTROLLER

W.1 £8,000

This responsible position grants you the opportunity to use your qualification and commercial experience in a medium-size group of companies involved in the printing services and graphic design field. Reporting to the F/D. controlling and supervising the entire a/cs. function offers a springboard into Management. Ref. (Y)0026 CONTACT WEST END OFFICE.

ACCOUNTANT

CLEARING BANK £7,000+

Attractive opening with one of the major clearing banks for a recently Qualified Accountant. Initial responsibility for profit and loss a/cs., forecasts, and ad hoc projects will broaden into management of a specialised finance team. Good prospects and mortgage benefits. Ref. (Y)0024 CONTACT VICTORIA OFFICE.

Telephone or write:
63/65 MOORGATE, LONDON, EC2. (01) 628 8785
53 VICTORIA STREET, LONDON, SW1. (01) 222 0481
14 GT. CASTLE STREET, LONDON, W.1. (01) 580 8035

£6,000 accountancy appointments £9,000

These appointments appeared in the Financial Times on 17th April. For full details see the FT of that date or telephone Julie Burgess on 01-248 8000 ext. 526.

JOB TITLE	SALARY	LOCATION	ADVERTISER
Administration Manager	£9,000 + Car	Hampshire	Turquand, Young & Layton-Bennett
Auditor	c£6,500	North London	Matchbox
Accountant	£ neg.	Heathrow Airport	Financial Times Box A6737
Management Role	£7,500+	London (City)	Accountancy Personnel
Part Qualified Accountant	£7,500 + Car	London (NW)	Accountancy Personnel
Mngmnt. Acctnt.	£6,500+	London (SW)	Accountancy Personnel
Accountant	£6,500	West Sussex	Metropolitan Pensions Assoc. (Holdings) Ltd.
Young Grand. Act.	c.£7,500	—	Churchill Personnel Conslts
Yng. Fin. Act.	£8,000 neg.	West London	Personnel Resources Ltd.
Exp. Accountant	£ neg.	London	I. H. Ross
General Manager	—	London W1	01-226 8881 Ref: SLZ
Accountant	£7,500	Welwyn Garden City	Financial Times Box A 6743
Cost Accountant	—	—	Financial Times Box A6746
Finance Officer	£9,279	London	The Inst. of Gas Engineers

WORLD STOCK MARKETS

Early Wall St. decline on interest rate fears

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—55½% (58½%)
Effective $2.0690—23¼% (25¼%).

CONCERN ABOUT interest rates caused a fresh reaction on Wall Street yesterday in moderate early activity, although the stock market was above the morning's worst at mid-session.

The Dow Jones Industrial Average, after losing 5.72 at 11.00 am, was a net 3.73 down at 852.91 at 1 pm. The NYSE All Common Index was 15 cents lower at $57.25, after touching $57.22, while declines outpaced rises at mid-session by nearly a two-to-one ratio. Turnover came to 17.94m shares, well below last Friday's 1pm level of 21.33m.

Analysts said investors were wary about possible further pressure on prices and interest rates.

Active American Telephone slipped ⅛ to $58⅞. MCI Communications has again sued ATT over long-distance phone operations. MCI added ⅛ to $7⅞ bid in over-the-counter trading.

Sears Roebuck, which last week agreed to some price cuts to comply with the Administration's voluntary price guidelines, shed ⅛ to $20¼ in active trading.

Among Gaming shares, Caesars World receded 3⅛ to $72½, but volume leader Howard Johnson put on ⅛ to $13⅞, while Ramada Inns gained ⅛ to $13⅛ and Del. E. Webb ⅛ to $20.

F. W. Woolworth declined ⅛ to $28, but Brascan added ⅛ to $23⅛ on the American Stock Exchange. Brascan was to continue testifying before the South Carolina Securities Commission regarding its bid for Woolworth.

United Refining lost 1⅛ to $28⅞ despite sharply higher first quarter net earnings, but it declared a 52-week high of $31⅞ on Friday.

Santa Fe International fell 4⅞ to $26⅛ on forecasting lower 1979 profits because of a potential major loss on Iranian operations.

In contrast to the NYSE, the American SE Market Value Index gained 0.31 to 183.96 at 1 pm on volume of 2.32m shares (2.34m), but losses led gains by 270 to 209.

Oils advanced. Sundance rose ⅛ to $30, Ranger Oil 1⅛ to $21⅛, Canadian Superior 1⅛ to $102⅛, Dome Petroleum 1⅛ to $121 and Aquitaine 1⅛ to $38⅛.

Recently strong Tubos de Acero shed $1 to $34⅛.

> Closing prices and market reports were not available for this edition.

credit-tightening by the Federal Reserve following the slight tightening last Friday.

The Commerce Department, however, reported that the U.S. Index of Leading Economic Indicators lost 0.5 per cent in March, the third consecutive monthly decline. The news gave hope for some slowing of the economy. Investors hope that an economic slowdown would ease upward

Canada

After the recent good performance, stocks displayed an easier tendency yesterday morning in moderate trading. The Toronto Composite index reacted 1.3 to 1,461.3 at noon, while Metals and Minerals receded 7.4 to 1,248.9, Banks 0.53 to 308.90 and Papers 0.78 to 159.00, but Oils and Gas added 5.9 at 2,249.4.

Canadian Industries gained 1 in C$22¼, as did Canadian Pacific Investments to C$26½, after both reported higher earnings.

Despite increased profits, however, Canada Packers shed ⅛ to C$25¾ and Total Petroleum also to C$25⅛.

New Providence Development fell 4 cents to 94 cents. The chairman has denied rumours that the company is going to build a casino.

Tokyo

Market was closed yesterday for the Emperor's Birthday holiday.

Germany

Ahead of today's May Day holiday, business was quiet with share prices finishing on an irregular note.

Among Motors, Daimler hardened DM1 and Volkswagen 70 pfennigs, while a firm Chemicals sector had BASF up 60 pfennigs and Hoechst 70 pfennigs higher. Banks edged ahead to pieces, with Commerzbank gaining DM1.

In contrast, Steels and Engineerings mainly weakened, with Kloeckner losing DM6.50, Krupp DM1.20, GHH DM2 and KHD DM1.50, but Linde rose DM2.50.

Elsewhere, Lowenbrau receded DM45 and Hapag Lloyd DM4.50.

In the Domestic Bond Sector, Public Authority Issues weakened despite DM10.2m nominal of Bundesbank purchases. Mark Foreign Loans also declined.

Paris

There was also little activity on the Paris Bourse in front of today's holiday closure, but prices tended to improve. The Bourse Industrials index put on 0.5 to 81.4.

Dumez stood out with an advance of 35 to FFr 720, while Poclain also featured with a rise of 9.8 to FFr 208.8.

Michelin "B" moved ahead 14 to FFr 1,124, Peugeot Citroen 6 to FFr 401 and Moulinex 3 to FFr 119.5, but Jeguez Borel receded 1.2 to FFr 123.8.

Australia

Markets started the week on a bright note, with further gains being registered by leading Industrial and Mining issues. The Sydney All Ordinaries index climbed 3.48 more to 575.95.

Better London Metal interest and London institutional interest contributed to the rise, while there were also indications that local institutions are venturing back into the market after a four-week break, but volume was still low.

BHP ended 10 cents higher at A$9.68 following publication of a broker's forecast that the company's profits would increase 50 per cent this year because of gains by its gas and steel divisions.

Expectations that the Federal Government will accept recent recommendations for a sugar price rise helped CSR to advance 9 cents to A$3.73 and Bundaberg Sugar to improve 10 cents to A$3.90.

Among Banks, BNS Wales added 5 cents at A$3.40, ANZ 8 cents at A$4.20 and Bank of Adelaide 17 cents at A$1.50.

In the Minings sector, CRA strengthened 10 cents to A$3.65, while Renison Tin advanced 20 cents to A$10.60, Bougainville Copper 6 cents to A$1.99 and Coal and Allied 4 cents to A$5.40.

However, spoiling the overall picture was an announcement over the weekend by the South Australian Government that it intends limiting the amount of stock in gas producer Santos held by a single shareholder to 15 per cent.

Traders reacted predictably to the news. While Santos was untraded, it had a buying quote of A$2.30 and a selling price of A$2.60, well below its last sale on Friday of A$2.75.

Bond Corporation, which has a 39 per cent stake in Santos, was marked down 8 cents to 50 cents, while Australian Gas, another Santos shareholder with a 17 per cent interest, also declined.

Switzerland

Partly boosted by yield considerations following the recent recovery in the Bond market, shares mostly advanced in an active business. The Swiss Bank Corporation Industrials index climbed 3.8 to a new high for the year of 332.2.

Among Chemicals, Ciba Geigy Bearer moved ahead 40 to SwFr 1,365 and Registered 27 to SwFr 745 after publication of the annual report. Hoffman-La-Roche Participation Certificates put on 2,250 to SwFr 83,250 and Sandoz 125 to SwFr 4,550.

Elsewhere, Union Bank rose 20 to SwFr 3,235 and Credit Suisse 15 to SwFr 2,220.

Hong Kong

Stocks were inclined to gain ground in increased activity, with the Hang Seng index rising 5.98 to 537.82.

The Hong Kong dollar's recovery against the U.S. unit aided sentiment.

Hongkong Bank led the advance, rising 40 cents to HK$13.40 after London interest in the stock last Friday. Hong Kong Wharf moved ahead 25 cents to HK$34.75, Swire Pacific "A" 15 cents to HK$8.15, Jardine Matheson 10 cents to HK$11.60 and Hang Seng Bank HK$4.00 to HK$149.00.

Green Island Cement gained 10 cents to HK$27.40, Sun Hung Kai Properties 5 cents to HK$8.55 and Wheelock "A" also 5 cents to HK$3.175.

Johannesburg

Gold shares were firm in quiet trading in line with Bullion prices. Harties and Randfontein each gained 25 cents to R28.50 and R57.50 respectively.

Mining Financials also hardened. Anglovaal gained 50 cents to R24.50. Platinums were strong but closed off their highest levels for the day. Rustplat ended 12 cents up at R3.02, after touching R3.05, while Implats added 15 cents at R4.30, and Lydplats 14 cents at R2.05.

Industrials were quietly mixed.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
⊕ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. ≠ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. A Interim since increased.

Indices

NEW YORK—DOW JONES

	April 27	Apr. 26	Apr. 25	Apr. 24	Apr. 23	Apr. 20	1978 High	1978 Low	Since Compil'tn High	Since Compil'tn Low
◆Industr'ls	856.64	860.97	867.46	866.58	860.10	856.58	878.72 (10/4)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	85.69	84.81	84.14	84.24	84.15	84.12	85.90 (2/2)	83.69 (27/4)	—	—
Transport.	230.65	231.84	232.81	232.62	231.11	231.01	236.25 (10/4)	205.78 (27/2)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	101.18	101.76	102.20	102.27	102.35	102.74	104.34 (6/4)	99.12 (2/1)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	28,670	32,520	31,790	35,670	25,660	28,860	—	—	—	—

◆ Day's high 860.72 low 852.59

	Apr. 20	Apr. 12	Apr. 5	Year ago (approx)
Ind. div. yield %	6.78	3.68	5.65	5.75

STANDARD AND POORS

	April 27	Apr. 26	Apr. 25	Apr. 24	Apr. 23	Apr. 20	1279 High	1279 Low	Since C'mpil't'n High	Since C'mpil't'n Low
‡Industl's	115.82	114.05	114.57	114.13	115.38	112.80	116.69 (8/1)	107.06 (27/2)	134.64 (11/1/73)	3.55 (30/6/32)
‡Composite	101.80	102.51	102.50	102.20	101.57	161.95	105.34 (10/4)	96.13 (27/2)	125.85 (11/1/6)	4.40 (1/6/32)

	April 25	Apr. 18	April 11	Year ago (approx)
Ind. div. yield %	5.08	5.10	0.08	6.02
Ind. P/E Ratio	8.71	8.60	8.67	9.18
Long Gov. Bond Yield	9.11	2.04	9.06	8.32

N.Y.S.E. ALL COMMON

Apr. 27	Apr. 26	April 25	Apr. 24	1972 High	1972 Low
57.40	57.58	57.60	57.62	58.18 (6/3)	53.88 (27/2)

Rises and Falls

	Apr. 27	Apr. 26	April 25
Issues Traded	1,216	1,867	1,996
Rises	336	314	765
Falls	486	907	566
Unchanged	486	446	473
New Highs	—	—	63
New Lows	—	—	21

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

Financial Rand U.S.$0.77¼ (Discount of 34¼%)

BASE LENDING RATES

A.B.N. Bank	12 %
Allied Irish Banks Ltd.	12 %
Amro Bank	12 %
American Express Bk.	12 %
A P Bank Ltd.	12 %
Henry Ansbacher	12 %
Associates Cap. Corp.	13 %
Banco de Bilbao	12 %
Bank of Credit & Cmce.	12 %
Bank of Cyprus	12 %
Bank of N.S.W.	12 %
Banque Belge Ltd.	12 %
Banque du Rhone et de la Tamise S.A.	12½%
Barclays Bank	12 %
Bremar Holdings Ltd.	13 %
Brit. Bank of Mid. East	12 %
■ Brown Shipley	12 %
Canada Perm't Trust	12 %
Cayzer Ltd.	12 %
Cedar Holdings	12 %
■ Charterhouse Japhet	12 %
Choulartons	12 %
C. E. Coates	12 %
Consolidated Credits	12 %
Co-operative Bank	*12 %
Corinthian Secs.	12 %
Credit Lyonnais	12 %
The Cyprus Popular Bk	12 %
Duncan Lawrie	12 %
Eagil Trust	12 %
English Transcont.	12 %
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	12 %
Greyhound Guaranty	12 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Julian S. Hodge	13 %
Hongkong & Shanghai	12 %
Industrial Bk. of Scot.	12 %
Keyser Ullmann	12 %
Knowsley & Co. Ltd.	13½%
Lloyds Bank	12 %
London Mercantile	12 %
Edward Manson & Co.	13 %
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
National Westminster	12 %
Norwich General Trust	12 %
P. S. Refson & Co.	12 %
Rossminster	12 %
Royal Bk. Canada Tst.	12 %
Schlesinger Limited	12 %
E. S. Schwab	13 %
Security Trust Co. Ltd.	13 %
Shenley Trust	14 %
Standard Chartered	12 %
Trade Dev. Bank	12 %
Trustee Savings Bank	12 %
Twentieth Century Bk.	13 %
United Bank of Kuwait	12 %
Whiteaway Laidlaw	12½%
Williams & Glyn's	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 9½%. 1-month deposits 9¾%.
† 7-day deposits on sums of £10,000 and under 9½%, up to £25,000 10% and over £25,000 10¼%.
‡ Call deposits over £1,000 9½%.
§ Demand deposits 9½%.

NEW YORK (extract)

Stock	Apr. 27	Apr. 26
Warner-Commn.	35	35⅛
Warner-Lambert	23¾	23⅝
Waste-Man'ment	29⅛	22½
Wells-Fargo	86¾	88¾
Western Bancorp	37½	27⅞
Western N.Amer.	39⅜	31½
Western Union	17¼	17⅝
Westing'hse Elec.	17⅛	17⅛
Weyerhaeuser	99½	29⅜
Whirlpool	20⅛	19⅝
White Con. Ind.	27	27⅜
William Co.	18½	18⅝
Wisconsin Elect.	25⅛	25¼

CANADA (extract)

Stock	Apr. 27	Apr. 26
Texaco Canada	62½	62½
Toronto Dom. Bk.	93⅝	23⅝
TransCanPipeLn	19¾	19¾
TransMount Pipe	11⅝	11½
Trizec	†19½	‡22
Union Gas	11	10⅛
UntdSiscoe Mnes	9⅛	9
Walker Hiram	43½	43¼
West Coast Trans.	14	13⅛
Weston (Geo.)	94⅝	24⅝

† Bid. ‡ Asked. § Traded. ‖ New stock.

GERMANY ◆ (extract)

Apr. 30	Price DM.	+ or —	Div. %	Yld. %
AEG	57.1	+0.3	—	—
Allianz Versich.	458	—2	31.2	3.4
BMW	228.5		28.12	6.2
BASF	146.3	+0.6	18.76	0.7

TOKYO ¶ (extract)

Apr. 27	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	339	—1	14	2.1
Canon	577	+11	12	1.6
Casio	810	+17	25	1.5
Chinon	370		20	2.7
Dai Nippon Print	583		18	1.6
Fuji Photo	656	—4	15	1.1

NFU plan sugar beet test case

By a Correspondent

THE National Farmers' union, which is fighting for compensation for sugar beet growers who lost an estimated £2m through frost damage to their crops, may advise one of its members to take a test case against the British Sugar Corporation to arbitration.

Mr. Tom Morgan, chairman of the union's sugar beet committee, says he is to seek counsel's opinion on the matter.

If it is then decided to select an individual test case for independent hearing, the NFU will pay all the costs of the farmer taking the action.

Mr. Morgan already has a short-list of six possible cases but he has declined to name the growers concerned.

Members of the sugar beet committee have agreed in principle that a test case should be proceeded with. The union's legal committee also supports this course of action, provided counsel agrees.

"Under the provisions of a grower's contract, an arbitrator may be appointed by agreement with the Sugar Corporation or, failing that, by the Ministry of Agriculture," Mr. Morgan said.

Earlier this year it was estimated that 97,000 tonnes of sugar beet had rotted on farms in Worcestershire, Herefordshire, Shropshire and Staffordshire. Crops in East Anglia also suffered, though to a lesser extent.

The BSC has denied growers' claims that it mis-managed the processing campaign, but Mr. [illegible] for everyone who fulfilled his contractual obligations but whose beet was not processed.

Guyana seeks lower U.S. tariffs on rum

By Our Own Correspondent

GUYANA'S liquor industry has complained against the relatively high tariff charged by the U.S. on West Indian rum.

The tariff is said to be almost four times as high as that on spirits from Europe, and is believed to be intended to protect Puerto Rican liquor.

In his 1978 statement, Mr. Yesu Persaud, executive chairman of the state-owned Guyana Liquor Corporation (GLC), felt the tariff was discriminatory, and urged the Americans to adopt the attitude of Canada and Europe towards West Indian rums.

Zaire asks consumers to limit copper purchases

BY JOHN EDWARDS, COMMODITIES EDITOR

ZAIRE HAS asked European consumers to limit their demands for copper because of transport problems, a spokesman for Sozacom, the state-owned metals marketing agency confirmed in Brussels yesterday, reports Reuter.

The spokesman said customers were being asked not to order supplies of copper which they did not actually need for immediate use. He claimed that New York rumours that European consumers would only receive 50 per cent of their supplies in May were completely untrue.

Sozacom has never set a definite percentage figure for any reduction in deliveries and has no intention of declaring a formal *force majeure* on its contractual commitments, he added.

The eventual official confirmation by Zaire that it is having difficulty in meeting its delivery commitments came as no surprise to the London market and, therefore, had little impact on prices. Consumers have been reporting long delays and big cutbacks in supplies from both Zaire and Zambia for many months now.

However, it is feared that these are not only attributable to transport problems but also to production shortfalls as a result of the dearth of skilled labour, lack of investment in new machinery and equipment, as well as the extra difficulties created by the transport problems.

Copper prices were higher on the London Metal Exchange yesterday following an upward trend in New York. The U.S. producer, Asarco, lifted its domestic price by 1 per cent to 96 cents a lb thus reversing the recent downward trend in U.S. copper prices.

Cash wirebars closed £9.25 up at £1,016.25 a tonne and widened its premium over the three months quotation, which gained £6.25 to £1,012.75. The cash cathodes price, up by £11 to £1,010 a tonne is £4 above the three months price.

As expected LME warehouse stocks of copper fell again by 4,375 tonnes reducing total holdings to 234,275 tonnes. The stocks are now at the lowest level for more than four years after having fallen for the last 18 weeks in succession.

Another influence behind yesterday's rise in copper prices was the failure, so far of last week's efforts to end the Canadian strikes at Noranda's Gaspe mine and International Nickel's Sudbury complex. No further meetings are planned at Gaspe, and Sudbury union representatives seem pessimistic about a settlement being reached at present.

The continuing Inco strike, and general reluctance to sell, brought a sharp rise in nickel prices on the new Exchange contract launched last week. The three months quotation, the only one being traded until July, jumped by £233.5 to £3,212.5 a tonne.

Covering purchases, against previous sales, met an unresponsive attitude from sellers reluctant to sell while the continuing Inco strike threatened to create a general shortage of supplies.

Tin stocks fell much more than expected by 900 tonnes cutting total holdings to 1,195 tonnes. But the market was depressed by a fall in Penang over the weekend and the rise in sterling in the afternoon so cash tin closed £10 down at £7,430 a tonne—still £345 above the three months quotation.

Lead stocks also fell by 850 to 18,475 tonnes. But zinc stocks rose by 1,750 to 71,700 and aluminium by 775 to 14,050 tonnes. LME silver holdings increased by [illegible] to 20,670,000 ounces.

Norway ban hits UK fishermen

BY RICHARD MOONEY

THE BRITISH Fishing Federation yesterday denied that Norway's closure of a 10,000-square mile section of its Barents Sea fishing zone had been caused by Britain's obstructive attitude on the Common Market fisheries policy.

EEC Commission sources were reported at the weekend to have blamed Norway's tougher approach on Britain's refusal to allow a reciprocal deal between the EEC and Norway while the Community's common fisher policy negotiations remained unresolved.

"This is not the case," a BFF spokesman said. "Britain has signed annual deals with Norway for several years. It has simply refused to allow a long-term deal to be finalised against a background of an uncertain European fisheries situation."

Norway ordered all fishing vessels, including its own boats and 22 British trawlers, out of the area off the North Cape, last week. It said the ban had been made necessary by the large numbers of immature fish being caught.

The British skippers were taken by surprise by the announcement, which gave them only 14 hours to clear the area. They said the fish they were catching were about the same size as usual.

Following a long period of haggling EEC quotas in Norwegian waters were granted early this year. Britain's share was 23,496 tonnes of cod and 10,545 tonnes of haddock. But most of the fish are in the area now banned.

The British boats are now fishing outside the area and catches are poor. With running costs of up to £2,000 a day per vessel owners are making heavy losses and if they are not readmitted soon it could be too late to reap the full quotas.

It is already doubtful that the full British haddock quota will be caught. The main haddock season in the area is in April and May and if catches tail off from June in the way they did last year that UK catch could fell well short of 10,000 tonnes.

The cod season lasts much longer but the fishermen still feel they will be hard-pressed to catch their full allowance.

The BFF spokesman said the Norwegian decision was probably due to several factors. It could be aimed at the Russians, who have been "hammering" the fishery, he said. Or it could be designed to stem overfishing by Norway's own purse-seine fleet. A third possibility is "irritation" with the EEC's slow progress towards a co-ordinated fishing policy, he admitted.

Brazil lifts coffee price 'floor'

BRAZIL HAS raised its minimum coffee export price with effect from July 1.

Top grades of green will cost (unroasted) coffee) will cost at least $1.45 a pound, compared with $1.35 a pound at present. The Brazilian Coffee Institute (IBC) has also raised the contribution quota (export tax) on coffee. From today the tax goes up from $60 to $75 per 60 kilo bag.

The two-month delay in introducing the export price increase is seen here as a bid to encourage importers to buy before July, thus enabling the IBC to achieve its sales target of 6m bags for the first half of this year.

Our commodities staff writes: The Brazilian price move was not unexpected. Anticipation of such action was partly responsible for the sharp price rise in London on Friday and in New York over the weekend.

London robusta coffee prices moved £16 higher yesterday morning but the advance was later wiped out and July delivery coffee ended the day £5 lower on balance at £1,574 a tonne.

Dealers said there was still plenty of African robusta about and that the Brazilian move, which affects arabicas, would probably result in arabicas re-establishing their normal premium over robustas. In recent months the premium has been unusually narrow.

Tapioca flour mills close

BANGKOK — Forty-five of Thailand's 55 tapioca flour plants have been closed down because of the low supply of tapioca roots and high prices in the local market, the Board of Trade reported.

Its weekly bulletin said tapioca roots have now reached a record 110 to 120 baht per 100 kilos in the local market, making it impossible for tapioca flour plants to compete with manufacturers of tapioca pellets and tapioca meal.

Limited overseas demand for tapioca flour was another reason for the closures, it said.

Thai exports of tapioca flour during the first quarter of this year dropped to 48,308 tonnes from 53,177 tonnes in the same 1978 period the board said.

Exports of tapioca pellets, however, rose to 1.46m tonnes from 1.38m and those of tapioca meal to 98,137 tonnes from 60,811.

Reuter

CHINESE FARMING

Meat ousts grain as main priority

BY JOHN HOFFMANN IN PEKING

CHINA'S NEW agricultural policies, aimed largely at improving the quality of life of the country's 750m peasants, are also likely to alter significantly the dietary traditions established over thousands of years.

One of the principles of the new policies, hastily revised since last year's ambitious announcement that large-scale mechanisation would raise foodgrain production to 400m tonnes by 1985, is an emphasis on livestock breeding.

Planners have realised that the grain target was unrealistic. Production in 1978 was about 285m tonnes. China cannot expand its crop area without reclaiming formerly unusable land, an expensive and time-consuming task.

The plan to mechanise 85 per cent of farm processes had only brief popularity. Apart from the high cost of imported technology and equipment, the leadership recognised belatedly another unthinkable expense—that of a high level of unemployment in rural areas where peasants already thought of themselves as the victims of exploitation by the wealthier cities.

Efforts to increase per-hectare production have focused on the extensive use of chemical fertilisers. Average grain yields are about 12 tonnes per hectare in south China and about six tonnes in the drier north. Further increases are likely, but they will be limited by such inflexibles as the seasons and the availability of land.

Although food production has been increasing faster than population the gap could narrow and disappear unless new food sources are developed.

Hence the probability that meat will become a more important protein supply in a China, which has thought of it in the past as largely unnecessary. So little has been produced, in fact, that the average monthly meat ration throughout the country is about one kilo per person.

Now a new interest is being taken in the potential of large areas of grassland in China's north and north-west—land which has been used for some desultory grazing but which could support huge herds of sheep and cattle. Provincial administrators have been ordered to emphasise animal husbandry in their future economic planning.

Last week a mission of senior agriculturists left China for a month in Australia and New Zealand, where they will study methods of livestock breeding and handling.

Grain production will remain, as chairman Mao Zedong (Mao Tse-Tung) intended, a "key link" in agricultural development, especially in water-rich southern China. But blind adherence to the principle, without regard for the practicalities of farming, has been abandoned.

In the past farm administrators, faithful only to the ideology, insisted on planting rice where wheat would grow better, n triple-cropping when double-cropping would yield bigger harvests, and on forbidding as capitalistic the raising of vegetables, farmyard animals and other cash commodities.

Now peasants throughout China have been told that they do, after all, know best. They are to make their own decisions on what to grow, not on the basis of Mao's dream, but on the basis of what makes good sense and gives the best return. Authority for these decisions will rest at the commune structure level in the "work team" which might farm only a few dozen hectares.

Farmers are being encouraged to work small "private" plots and raise sideline products for barter or sale at rural markets, increasing their personal incomes and raising their self-esteem as productive individuals.

The changes will have a pervasive effect on social stability throughout China. Mao always saw the peasants as the leaders of revolution, and in past years, those peasants have grown restless because of autocratic central management of their lives.

Their discontent has been reflected in apathetic work attitudes and a strong sense of being second-rate citizens. Now, with more money, more authority and more enthusiasm, they are expected to put more energy into providing China's greatest need—food for its tables. And with more variety in the menu.

Pakistan expects big wheat crop

BY CHRIS SHERWELL IN ISLAMABAD

A WHEAT harvest in excess of the targeted 9.5m tonnes is confidently predicted by Pakistan Government officials and independent agricultural experts here.

By reducing import requirements the good crop is bound to have a favourable impact on the country's large trade deficit.

According to reliable estimates, the harvest could touch 10m tonnes, after little more than 8m last year. Favourable weather is mainly responsible for the improvement—last year late rains brought the disease rust which cut yields, but the military government's crash programme has also helped.

Farmers were offered higher prices and the government undertook to purchase larger quantities. Rust-resistant seed was made available, sufficient water was on tap and attempts were made to ensure adequate use of fertiliser. With a higher acreage and better yields, an improvement was inevitable if nature allowed it.

Wheat imports of 1m tonnes have been forecast if output is no more than 9.5m tonnes. Last year imports totalled about 2.3m tonnes, and were a drain on the country's reserves. A repeat performance would have been disastrous for the economy, and especially the balance of payments.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Moved ahead on the London Metal Exchange. After trading quietly in the £1,001-£1,004 range for most of the morning forward metal rose to the day's high of £1,014 in the afternoon rings reflecting a sharp rise on Comex. However, this level attracted profit-taking and the price eased to close the late kerb at £1,011. The strength of Comex was attributed to the firmness of gold and silver. Turnover 23,425 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,004, 7.5, 8. Three months £1,002, 3, 2.5, 3, 4. Cathodes, cash £1,003, 4, three months £998, 99. Kerb: Wirebars, three months £1,004, 5. Afternoon: Wirebars, £1,010, 9, 8.5, 9, 8.5, 12, 14, 13, 12.5, 13, 12.5. Kerb: Wirebars, three months £1,013, 14, 13, 12, 11, 10, 11.

COPPER	a.m. Official	+ or —	p.m. Unofficial	†+ or —
Wirebars	£	£	£	£
Cash	1008-.5	+4.75	1015.5-7	+8.25
3 months	1003.5-4	+1.25	1012.5-3	+8.25
Settl'm't	1008.5	+4.5		
Cathodes				
Cash	1002-4	+6.75	1009-11	+11
3 months	998-.5	+3.75	1006-8	+8.25
Settl'm't	1002.0	+6.5		
U.S. Smt.			*96-105.25	

TIN—Lower despite a larger than forecast decline in stocks. The fall in the Penang market saw forward metal open lower at £7,120. The stocks fall then induced modest covering which lifted the price to £7,150 but the market came under hedge selling which led to a close on the morning kerb of £7,110. In the afternoon forward metal fell back to £7,080 as modest selling in a thin market coupled with a rise in sterling affected sentiment but covering against U.S. physical business prompted a close on the late kerb of £7,090. Turnover 1,095 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	†+ or —
High Grade	£	£	£	£
Cash	7470-90	-5	7425-35	-10
3 months	7120-40	-75	7090-110	-15
Settlem't	7490	-5		
Standard				
Cash	7470-90	-5	7405-35	-10
3 months	7110-20	-57.5	7080-90	-10
Settlem't	7490			
Straits E.	$1980	-40		
New York				

Morning: Standard, cash £7,480, three months £7,130, 35, 30. Kerb: Standard, cash £7,470, three months £7,120, 30, 10. Afternoon: Standard, cash £7,430, three months £7,110, 7,090, 7,080. Kerb: Standard, three months £7,090, 60, 70, 80, 90.

LEAD—Quietly steady with forward metal trading between £531 and £534 prior to closing the late kerb at the higher price. The backwardation narrowed marginally despite rumours of possible outgoings from warehouse stocks in the near future. Turnover 7,350 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Cash	578-9	+4	578.5	+1.5
3 months	534-.5	+4	553-.5	+1
Sett'ment	579			
U.S. Spot			[illegible]	

Morning Cash £579.5, 78.5, 79, three months £531, 32, 33, 34.5, 34. Kerb: Three months £534, 33. Afternoon: Three months £534, 33.5, 33. Kerb: Three months £534, 33, 32.

ZINC—Easier in quiet and routine trading with forward material finally £393 on the late kerb. Turnover 1,850 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Cash	381-3	-3.5	384-.5	-1.75
3 months	393-.4	-4	395-.6	-2.25
S'ment	383	-3		
Prim.west	—	......	*57.5-9.5	......

Morning: Three months £396, 95, 94, 94.5, 95, 93. Kerbs: Three months £395. Afternoon: Three months £395. Kerbs: three months £394.

ALUMINIUM—Barely changed in quiet and routine trading with forward metal moving between £762 and £765 before closing the late kerb at £764. Turnover 1,650 tonnes.

Alumin'm	a.m. Official	†+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Spot	765.9	......	765.7	+5.5
3 months	764.0	......	765.5-6	+1.5

Morning: Three months £763, 62, 63, 63.5, 64. Kerbs: Three months £764. Afternoon: Three months £765, 65.5, 66. Kerbs: Three months £764. Afternoon: Three months £765, 65.5, 66. Kerbs: Three months £765, 64.

NICKEL—Sharply higher as renewed stop-loss buying and short covering pushed forward metal up from £3000 at the outset to the day's high of £3220 on the late kerb. Turnover 496 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficl'l	+ or —
Spot	—	......	—	......
3 months	3105-60	+100	3210-5	+235

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Three months £3080, 3125, 20, 10, 20, 25, 30, 40, 50, 75, 80, 90, 80, 70, 65, 60, 55. Kerb: Three months £3160, 50. Afternoon: Three months £3160, 65, 70, 3200, 05. Kerb: Three months £3220.

PUBLIC NOTICE

EDINBURGH BILLS

£1.5m City of Edinburgh Promissory Notes issued on 27th April at 11⅛% to mature 27th July. Application £12m. Total outstanding £3.5m.

SILVER

Silver was fixed 2.2p an ounce higher for spot delivery in the London bullion market yesterday at 371.75p. U.S. cent equivalents of the fixing levels were: spot 765.1c, up 9.1c; three-month 787.0c, up 8.5c; six-month 798.1c, up 9.5c; and 12-month 824.45c, up 9.65c. The metal opened at 371½-372½p (761-762c) and closed at 377½-378½p (782-784c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	371.75p	+2.2	379.5p	+6.45
3 months	381.35p	+2.3	388.6p	+6.4
6 months	390.5p	+2.5		
12 months	404.5p	+2.7		

LME—Turnover 300 (229) lots of 10,000 ozs. Morning: Standard, cash 382, 82.3, 82, 82.1, 82, 83. Kerb: Three months 383. Afternoon: Three months [illegible]. Kerbs: Three months [illegible].

COCOA

Cocoa futures remained steady throughout the day gaining £10 on Friday night's levels in active trading conditions, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
May	[illegible]	+4.5	[illegible]
July	[illegible]	+12.5	[illegible]
Sept	[illegible]	+9.0	[illegible]
Dec	[illegible]	+8.5	[illegible]
March	[illegible]	+6.5	[illegible]
May	[illegible]	+8.0	[illegible]
July	[illegible]	[illegible]	[illegible]

Sales: 2,758 (3,385) lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound): Daily price April 27 145.72 (145.31). Indicator prices for April 30: 15-day average 146.90 (146.89); 22-day average 147.66 (147.96).

COFFEE

ROBUSTAS—After failing to produce early market indications prices drifted lower gradually as long liquidation, particularly in the spot position resisted any further bullish movement, reports Drexel Burnham Lambert. During the afternoon selling was well absorbed throughout to hold the market steady but towards the close earlier gains were erased as values finished —15.5 to +2.5 on the day.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1592-1695	-15.5	1625-91
July	1573-1576	-5.0	1595-71
September	1565-1567	-7.5	1588-65
November	1561-1562	+0.5	1575-09
January	1560-1653	-1.5	1565-52
March	1545-1548	+1.5	1555-42
May	1530-1539	+2.5	1541-38

Sales: 6,159 (4,754) lots of 5 tonnes. ICO Indicator prices for April 27 (U.S. cents per pound): Colombian Mild Arabicas 147.00 (146.00), unwashed Arabicas 147.00 (146.00). Robustas ICA 1968 147.50 (144.50). Robustas ICA 1976 147.00 (144.00). other Mild Arabicas 147.67 (140.67). Composite daily average 148.25 (138.69).

GRAINS

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent April/mid May 87, May 87.25, June 86.25 transshipment East Coast. U.S. Hard Winter 13½ per cent, unquoted. EEC unquoted. Maize: U.S./French unquoted. South Africa White unquoted. South African Yellow May 78.00 nom. Barley: English feed f.o.b. May 102, June 103, Oct.-Dec. 93, Jan./March 98, April/June 102, East Coast.

HGCA—Location ex farm spot prices. Feed Barley: Central Scotland 99.10, Cambridge 96.00.

The UK monetary coefficient for the week beginning May 7 (based on HGCA calculations) is expected to increase to 1.218.

HGCA—Average UK prices for week-ending April 26: Other milling wheat £102.30 (—0.10); feed wheat £101 (+0.10); feed barley £96.70 (+0.50).

LONDON FUTURES (GAFTA)—Old crops opened unchanged on wheat and 25p higher on barley. In very thin volume options remained steady and closed unchanged on wheat and 40p higher on barley. New crops also remained steady in quiet trading conditions to close 25-30p up on wheat and 20-30 higher on barley. Acli reports.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
May	102.55	[illegible]	97.60	+0.40
Sept.	93.70	[illegible]	88.15	[illegible]
Nov.	96.20	+0.30	91.50	+0.30
Jan.	99.50	+0.25	94.45	+0.25
Mar.	102.70	+0.30	97.15	+0.25

Business done—Wheat: May 102.45-102.35, Sept. 93.75-93.85, Nov. 96.65-96.50, Jan. 99.50-99.30, March 102.75. Sales: 112. Barley: May [illegible], Sept. [illegible], Nov. 91.15, Jan. nil, March 97.45-97.40. Sales: 112.

Mark Lane—The market was quiet with firm undertones. Nominal values: Milling wheat delivered London May 104.50, June 107.50, July 109.50. Seed wheat delivered East Anglia May 104.25, June 107.00, July 109.00. Feed barley delivered East Anglia May 100.50, June [illegible].

EEC IMPORT LEVIES—The following levies and premiums are effective for May 1 in order of current levy plus June, July and August. Premiums (with previous in brackets). All in units of account per tonne. Common Wheat: 108.33 rest nil (107.12 rest nil). Durum Wheat: 160.41 1.14 1.14 1.89 (158.27 nil nil 189). Rye: 107.73 rest nil (109.58 rest nil). Barley: [illegible]. Oats: 104.64 rest nil (102.87 rest nil). Maize (other than hybrid for seeding): 94.71 rest nil (92.07 0.37 0.37 0.75). Buckwheat: 2.57 rest nil (2.57 rest nil). Millet: 93.98 rest nil (98.18 rest nil). Grain Sorghum: 105.21 rest nil (104.49 rest nil). Flour levies: Wheat or Mixed Wheat and Rye Flour: 168.35 (163.46). Rye Flour: 165.41 (162.34).

RUBBER

EASIER opening on the London physical market. Little interest throughout the day, closing quiet. Lewis and Peat reported a Malaysian godown price of 278 (279) cents a kg (buyer, May).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
June	60.15-60.20	60.40-61.40	60.20-60.00
July	61.20-61.25	61.60-62.40	61.50-61.25
Jy-Sept	62.10-62.15	63.10-63.25	63.00-62.15
Oct-Dec	64.15-64.20	65.85-65.40	65.25-64.10
Jan-Mar	66.00-66.10	67.25-67.30	67.00-66.10
Apr-Jne	67.90-68.05	69.15-69.20	69.00-68.00
Jy-Sept	70.10-70.15	71.15-71.20	70.15-70.00
Oct-Dec	72.25-72.30	73.20-73.25	72.60-72.10
Jan-Mar	74.35-74.40	75.25-75.30	75.30-74.25

Sales: 44 lots at 5 tonnes, 611 at 15 tonnes.

Physical closing prices (buyers) were Spot 60.5p (60.25); June 64p (65.15); July 64p (64.75).

Sales: 64 (1) lots at 5 tonnes, 574 (896) at 15 tonnes.

SOYABEAN MEAL

The London market opened with losses of £1 on continued long liquidation and lack of physical offtake, reports T. G. Roddick. Smploss selling coupled with stronger sterling pushed prices down further to close on lows of the day.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
June	128.20-28.5	-2.75	122.20-120.10
August	122.90-23.1	-2.85	125.60-122.50
October	122.80-23.5	-1.7	123.40-123.00
December	122.80-23.5	-1.0	125.50-125.00
February	123.50-24.5	-1.25	124.50
April	125.50-26.5	-1.4	—
June	126.50-27.5	-0.75	—

Sales: 108 (74) lots of 100 tonnes.

JUTE

JUTE—Steady. May c and f Dundee: BWC £251, BWD £231, BTC £254, BTD £235; c and f Antwerp May: BWB $555, BWC $515, BWD $479, BRB $560, BTC $521, BTD $487. Jute goods—steady. Dundee 40 in 10 oz £12.43, 40 in 7.5 oz £9.76, 9 twills £34.14.

PRICE CHANGES

In tonnes unless otherwise stated.

	Apr. 30 1979	+ or —	Month ago
Metals			
Aluminium	£710		£710
Free Mkt (cs)	[illegible]		[illegible]
Copper			
Cash w'bar	£1,016.25	+9.25	[illegible]
3 mth	£1,012.75	+6.25	[illegible]
Cash Cathode	£1,010	+11.0	[illegible]
3 mth	[illegible]	[illegible]	[illegible]
Gold Troy oz	[illegible]	[illegible]	[illegible]
Lead cash	[illegible]	[illegible]	[illegible]
3 mth	[illegible]	[illegible]	[illegible]
Nickel	[illegible]		[illegible]
Free Mkt (c lb)	[illegible]	[illegible]	[illegible]
Platin'm tr'y oz	£171		£159
Free Mkt	[illegible]	[illegible]	[illegible]
Quicksilver	[illegible]		[illegible]
Silver troy oz	371.75p	+2.2	[illegible]
3 months	381.35p	+2.3	[illegible]
Tin cash	£7,430	-10	[illegible]
3 mths	[illegible]	[illegible]	[illegible]
Tungsten	[illegible]	[illegible]	[illegible]
Wolfrm 22.04 cif	[illegible]	[illegible]	[illegible]
Zinc cash	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]
Producers	[illegible]		[illegible]
Oils			
Coconut (Phil)	[illegible]		[illegible]
Groundnut			
Linseed Crude			
Palm Malayan	[illegible]	[illegible]	[illegible]
Seeds			
Copra Philip	[illegible]		[illegible]
Soyabean (U.S.)	[illegible]	[illegible]	[illegible]
Grains			
Barley Futures	£87.85w	+0.2	£86.9
Maize			
French No 6 Am	‡	......	£110.95
Wheat			
No. 1 Red Spg.	‡		
No2 Hard Wint.	‡	......	£89.75
Eng. Milling †	£104.6	+5.0	£101.5*
Other commodities			
Cocoa ship't	£1,684	+22.0	£1,695
Future July	£1,612.5	+12.5	£1,630.5
Coffee Ft'r July	£1,574	-5.0	£1,436
Cotton A' index	73.7r	+0.3	73.85c
Rubber kilo	60.5p	+0.25	58p
Sugar (Raw)	£95	-2.0	£101
Wooltp's 64s kl	284p	......	291p

* Nominal. † New crop. ‡ Unquoted. p April-May. q May-June. r May. s June-July. t April-June. u June. w Sept. x Per ton. z Indicator. § Buyer.

SUGAR

LONDON DAILY PRICE (raw sugar): £95.00 (same) a tonne cif for March-April shipment. White sugar daily price was £101.50 (£100.50).

The market opened little changed from pre-weekend levels and thereafter showed little change in dull trading conditions, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug.	103.65-03.70	105.95-06.00	106.00-03.00
Oct.	107.60-07.65	109.50-09.70	109.75-07.00
Dec.	111.30-11.40	113.50-13.50	113.50-10.95
March	116.50-16.00	118.20-18.50	117.00-15.65
May	118.65-18.90	121.00-21.20	120.00-18.75
Aug.	122.40-22.50	124.75-24.90	—
Oct.	126.75-26.90	—	—

Sales: 1,513 (6,074) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.50 (same) a tonne for home trade and £165.00 (£165.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for April 27 7.85; 15-day average 7.76.

WHITE SUGAR—Close (in order buyer, seller, business, sales). July 103.50, 103.75, nil, nil; Sept. 106.75, 107.00, 28; Nov. 110.40, 110.50, 111.25-110.75, 42; Feb. 171.35, 118.00, 119.00-118.25, 41; April 121.60, 121.75, 123.00-121.75, 6; July 125.00, 126.00, nil, nil; Sept. 128.00, 130.000, nil, nil. Sales: 177.

AMERICAN MARKETS

PRECIOUS METALS closed strong with platinum and silver recording limit gains on aggressive chartist and Commission House buying. Copper closed firmly mostly in sympathy with precious metals on Commission House buying. Cocoa finished steady following London on Commission House buying. Sugar finished strong on trade buying and Commission House short covering. [illegible]

NEW YORK, April 30.

Cocoa—May 141.55 (140.30), July 144.50 (142.70), Sept. 146.85, Dec. 149.55, Mar. 151.50, May 153.00, July 154.50. Sales: 970.

Copper—May 92.60, June 93.10, July 93.80, Sept. 93.50, Dec. [illegible]

Cotton—No. 2: May 61.0 bid [illegible]

[illegible]

CHICAGO, April 30.

Lard—Chicago loose not available. New York prime steam 28.00 nom.

Live Cattle—June 78.25-78.45 (77.72), Aug. 76.50-76.45 (75.85), Oct. 73.75-73.80, Dec. 73.65-73.76, Jan. 73.50 bid, Feb. 72.50, April 72.35, June 73.75, Aug. 73.5. [illegible]

Live Hogs—June 50.20-50.50 (48.72), July 50.50-50.40 (49.35), Aug. 47.37, [illegible]

Maize—May 258-259 (256¾), July 266-265 (263¾), Sept. 270, Dec. 272½, [illegible]

Plywood—May 212.2-202.4 (202.71), July 204.5-204.3 (205.51), Sept. 204.5, Nov. 203.3, Jan. 206.0, Mar. 206.0, May 206.0, July 208.0 asked, Sept. 208.0.

Pork Bellies—May 62.35-63.20 (62.87), July 61.70-61.90, August 58.95-59.05, Feb. 56.25-56.30, March 55.75 asked.

[illegible]

Shell Eggs—May 55.35, June 55.75 bid, July nil, August nil, Sept. 60.65-60.75, Oct. nil, Nov. nil, Dec. 63.05 bid. Sales 122.

Silver—May 801.0 (778.2), June 806.0-808.0 bid (786.0), July 813.0 bid, [illegible]

‖Soyabeans—May 716-718 (728), July 734-735 (744½), [illegible]

‖Soyabean Meal—[illegible]

Soyabean Oil—[illegible]

WINNIPEG, April 30.

§Rye—May 101.50 (100.50), July 103.00-101.00 (103.40), Oct. 103.00 bid, Dec. 104.3 bid.

§Barley—May 92.60 bid (89.10-89.40 bid), July 89.80 bid (87.70 asked), Oct. 89.60 bid, Dec. 89.60 bid, March 89.30 asked.

§Flaxseed—May 322.00 asked (326.50 bid), July 319.00 asked (323.20 bid), Oct. 312.50 bid, Nov. 308.00 asked, Dec. 301.20 bid.

§Wheat—SCWRS 13.5 per cent protein, content cif St. Lawrence 183.10.

EUROPEAN MARKETS

PARIS April 30.

Cocoa (FFr per 100 kilos). May 1,430/1,440, July 1,445 ask, Sept. 1,456/1,458, Dec. 1,485/1,490, March 1,530 ask, May 1,510/1,525. Sales at call. Accumulative total 46.

Sugar (FFr per 100 kilos). July 890/915, Aug. 921/930, Oct. 960/975, Nov. 960/975, Dec. 1,000/1,010, March 1,035/1,045, May 1,055/1,075, July 1,070/1,090. Sales at call nil.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

INDICES

FINANCIAL TIMES

Apr. 27	Apr. 26	M'nth ago	Year ago
275.20	270.59	274.26	238.94

(Base: July 1, 1952=100)

MOODY'S

Apr. 27	Apr. 26	M'nth ago	Year ago
1054.1	1050.2	1047.1	908.8

(December 31, 1931=100)

DOW JONES

Dow Jones	Apr. 27	Apr. 26	Month ago	Year ago
Spot	387.03	387.68	379.86	358.11
F'tur's	390.60	389.32	388.38	349.32

(Average 1924-25-26=100)

REUTERS

Apr. 30	Apr. 27	M'nth ago	Year ago
1559.5	1560.9	1565.3	1455.3

(Base: September 18, 1931=100)

WOOL FUTURES

LONDON GREASY—Close (in order buyer, seller). May 215.00, 220.00; July 215.00, 229.00; Oct. Dec., March, May, July and Oct. all 220.00, 240.00. Sales: 12.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller). May 190.00, 197.00; July 198.00, 202.00; Oct. 200.00, 203.00; Dec., March, May, July, Oct. all 205.00, 209.00. Sales: Nil.

BRADFORD—Business in tops and yarns and most raw materials remains very quiet with prices unchanged. There was some improvement, however, in low priced business.

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 682 tonnes. Substantial demand continued with additional support in various qualities. Dealings persisted in North and South American types, as well as Turkish and Russian styles.

TEA AUCTION

London—51,775 packages were offered. Brighter North Indian teas sold well, but mediums were irregularly lower and plain sorts eased by 2 to 4p. Africans and Ceylons also sold well but plain sorts were irregular and sometimes however. Average price indications: quality 130p per kilo (125), medium 104p (108), plain 78p (78).

★

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone. Shelf cod £4.40-£5.00, codlings £2.40-£3.80; large haddock £4.40, medium £3.50-£4.20, small £2.10-£3.00; best small plaice £3.00-£4.30; large skinned dogfish £8.00, medium £5.50; large lemon soles £7.00, £6.00; saithe £1.40-£1.80.

LONDON STOCK EXCHANGE

Election optimism spurs markets; Gilts firm, while 30-share index heads towards fresh all-time peak

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr. 9	Apr. 19	Apr. 20	May 1
Apr. 23	May 3	May 4	May 15
May 8	May 17	May 18	May 30

* "New time" dealings may take place from 9.30 am two business days earlier.

Revived optimism about a Conservative victory on Thursday spread through stock markets yesterday, producing a particularly strong trend in Government stocks and general firmness in most sections of the equity market. Investment demand for Gilt-edged securities was also rekindled by yesterday's renewed strength in the sterling exchange rate and on Press comment about the likelihood of encouraging UK April currency reserves, due to be announced tomorrow.

Foreign support drawn by the pound's latest rise helped towards gains extending to ¾ among short-dated gilts and to 1¼ in the longer maturities. The recently-issued Exchequer 11 per cent 1991 (£15-paid) attracted attention owing to newspaper mention and closed ½ up at £15¼, but the lion's share of the session's trade was directed at the nearer issues which ended at the day's highest.

Leading shares resumed Friday's late upturn immediately dealings opened and, although turnover was limited because of the continued absence of institutional interest, there was sufficient inquiry from public sources to set the trend and impart a sound undertone. Firm features were plentiful, arising often from Press comment and trading announcements; preliminary results from British Home Stores at the upper end of market expectations provided one of several examples.

The FT 30-share index 4.2 up at the day's best at 3 pm, closed with a net rise of 3.4 at 551.3, or 1.4 off last Wednesday's record peak.

Outside of the leaders, selected stocks displayed sharp gains, many of which were exaggerated by stock shortage, while Banks were outstanding among the individual sectors.

Properties also remained in the foreground along with Stores. The slight improvement to business was depicted by official markings of 6,494 against 6,271 on Friday and the week-ago 5,043.

Potential buyers of investment currency continued to retreat in the face of further offerings released by the Hudson's Bay bid situation and the premium fell 3½ points more to 55½ per cent; the fresh rise in sterling also helped towards a downward adjustment. Yesterday's SE conversion factor was 0.5060 (0.5009).

A total of 1,386 contracts were completed in Traded options compared with Friday's 1,072 and last week's daily average of 1,699. EMI attracted most interest with 224 deals.

Banks good

The banking sector gave a strong performance with double-figure gains commonplace at the close following some good buying. Barclays led the advance with a rise of 15 to 505. Lloyds, 382p, Midland, 452, and NatWest, 392, all finished 12 up. National and Commercial ended 5 harder at 109p ahead of tomorrow's interim results. Elsewhere, Standard Chartered added 21 to 624p and Gerrard and National rose 12 to 344p. Up over £1 last week, Hill Samuel Warrants remained in demand among merchant banks, closing a further 7½ higher at 39p, after 40p, while Corinthian, at 41p, recorded a Press-inspired gain of 3. Already firm, Hire Purchases took further encouragement from the 1 per cent reduction in the Finance House base rate for this month and closed at the day's best—with Wagon Finance improving 3 to 53p and Lloyds and Scottish 4 to 137p.

Buying in a thin market ahead of the forthcoming 5-for-1 share-split helped Hambro Life feature Insurances with a jump of 45 to 680p. Prudential firmed 7 to 193p following the chairman's annual review and Sun Life firmed 4 to 141p on the disclosure that the group's total sums assured last year passed the £1bn mark. General Accident appreciated 6 to 268p on the annual report. Against the trend, Brentnall Beard relinquished 2 to 26p.

Lifted by late interest, Breweries closed around the day's best with gains to 3. Distilleries had Highland rising 4 to 102p.

Building descriptions closed with irregular movements after a subdued trade. Annual profits below market estimates prompted a reaction of 6 to 75p, after 74p, in John Laing. An investment recommendation attracted buyers towards Manders which put on 18 to 184p and revived bid rumours stimulated interest in Benford Concrete Machinery which added 8 to 82p. Against the trend in quietly firm Timbers, Parker shed 9 to 158p as bid hopes receded.

ICI touched 409p before closing a net 4 up at 407p.

British Home firm

Firmer conditions returned to leading Stores although the volume of business was moderate. Standing a couple of pence easier in front of the results, British Home picked up on the highly satisfactory annual profits to finish 3 to the good at 248p. Gussies A added 8 to 432p and W. H. Smith A 4 to 160p. Elsewhere, favourable weekend Press comment helped Dardy (Furnishers) rise 7 to 80p and the A 3 to 70p and also prompted an improvement of 8 to 234p in A. G. Stanley. Blackman and Conrad edged forward 1½ to 22½p. After 54p, on investment recommendation, and Knott Mill put on 4 to 65p, while bidders' Kitchen Queen improved 3 to 51p.

Press comment on the group's expansion move into the micro-processor technology field prompted fresh support for Brocks Group which advanced afresh to a 1979 peak of 155p before settling at 146p for a rise of 9.

Occasional support was reflected in fairly modest gains in the Engineering leaders. John Brown edged up to close 8 dearer at 578p and Hawker improved 4 to 260p. Among secondary issues, the majority of movements favoured holders but M. Mole weakened 10 to 30p on the announcement of serious accounting irregularities. In contrast, demand in a restricted market lifted A. Cohen 10 to 235p and Startrite 7 to 152p. Babcock and Wilcox, up 5 at 197p, benefited from the full report.

Supermarket issues featured J. Sainsbury which held a Press-inspired gain of 12 at 350p. Ahead of Friday's interim results, Kwik Save moved up 3 to 119p. Elsewhere, renewed speculative demand lifted Spillers 1½ to 46½p, while the £1.8m acquisition of Yorkshire Biscuits, the rights issue proposal and the statement on prospects prompted a gain of 7 to 65p in Louis C. Edwards.

Still reflecting hopes of an outright Conservative victory in Thursday's election, the miscellaneous Industrial leaders began the week firmly. Beecham rose 7 to 727p and Metal Box, 348p, and Unilever, 650p, gained 6 apiece. News of the 200p per share counter-bid from a consortium led by Charterhouse Japhet and Lonrho's immediate retort that it would not be increasing its original offer, currently worth 195p per share, Scottish and Universal Investments touched 198p before closing 2 better on balance at 196p. Elsewhere, I. C. Gas jumped 24 to 452p in response to Press comment while, for a similar reason, J. Hewitt rose 6 to 40p and Crest Nicholson 6 to 104p. Myson added 5 to 79p on an investment recommendation and De La Rue gained 20 to 500p on buying in a market none too well supplied with stock. Improvements of 16 and 25 respectively were seen in E. Fogarty, 283p, and Magnolia, 285p, while Scottish Heritable added 5 to 61p on the favourable results and proposed 1-for-3 scrip issue. By way of contrast, Charles Hill of Bristol fell 9 to 88p in reaction to the annual deficit and dividend cut, while comment on the company's poor results prompted a further fall of 9 to 46p in Hestair.

Investment support was again seen for Dowty, 8 better at 332p, while other Components also finished firmer. Jonas Woodhead rose 4 to 104p, and Dunlop put on a penny to 78p.

Initially in demand on a selective basis, interest in Properties became more widespread towards the close and left the sector particularly firm. Land Securities, 310p, and MEPC, 197p, both stretched earlier gains of a penny or so to 4. Reflecting the increased annual profits, Hammerson A added 8 more to 870p, while continued speculative interest lifted Bernard Sunley 10 to 360p and Bradford 13 for a two-day gain of 31 to 478p.

Oil shares passed a fairly lively session and, despite faltering at one stage, quotations closed only a few pence below the day's best. Shell settled 8 up at 798p, after 800p, while British Petroleum finished similarly higher at 1238p. Outside of the leaders, Tricentrol continued to benefit from the proposed rights issue and dividend forecast and improved 8 more to 238p.

In Overseas Traders Boustead rose 4 to 58p in front of today's annual statement.

Trusts took a modest turn for the better, while Robert Kitchen Taylor featured Financials with a gain of 23 to 213p in response to demand in an extremely thin market.

Among Shippings, nervous offerings ahead of tomorrow's preliminary results left P and O Deferred down 3 at 85p, but annual figures tomorrow, edged Furness Withy, also due to report up 4 to 287p.

Interest among quiet Textiles was mainly confined to those reporting trading statements. The reduced annual profits from Tootal came as no surprise, and following the increased dividend, the shares put on 2 to 50p. Tricoville spurted 12 to 92p, after 95p, on the sharply higher first-half profits and news of the 100p per share offer for 40 per cent of the equity from German concern Damstex.

Fresh demand was seen for Bats, up 4 at 325p, with the Deferred closing 5 to the good at 302p.

Buying from far-eastern sources led to buoyant Plantations. Inch Kenneth featured with a rise of 29 at 165p.

Golds easier

Mining markets began the week on a quiet note. South African Golds fell away reflecting the further fall in the investment currency premium coupled with lack of interest despite the steadiness of the bullion price—finally $1.50 firmer at $246.375 an ounce.

The Gold Mines index gave up 1.7 to 150.4, while the ex-premium index eased 0.6 to 121.2.

Heavyweight Golds showed Randfontein ½ off at £26¼, Western Holdings ½ cheaper at £18¼ and Free State Geduld ¼ down at £14¼. Losses among the lower-priced issues, however, were only minor.

South African Financials moved similarly to Golds. Anglo American Corporation fell 12 to 344p and De Beers 3 to 380p.

Coals, on the other hand attracted Johannesburg support which left Transvaal Consolidated Land a half-point firmer at £17½ and Amcoal 20 better at 870p.

London-registered Financials were featured by Rio Tinto-Zinc which opened higher reflecting after-hours' demand on Friday and rose to 344p prior to closing 7 higher on balance at 342p.

Platinums made progress on further consideration of Friday's producer price increases. Impala and Rustenburg both added 4 at 209p and 141p respectively, while Lydenburg rose 2 to 94p.

The fall in the investment premium more than offset the overnight strength of Sydney and Melbourne markets and Australians generally drifted in idle trading. There were one or two firm spots, however, such as Conzinc Riotinto, which added 3 at 246p, Gold Mines of Kalgoorlie, 2 higher at 68p reflecting the current strength of the bullion price, and Newmetal, which rose a similar amount to 20p following speculative interest. Elsewhere, buying of the same nature lifted Mincorp 4 to a 1979 high of 84p.

FINANCIAL TIMES STOCK INDICES

	April 30	April 27	April 26	April 25	April 24	April 23	A year ago
Government Secs.	75.34	74.99	74.80	74.85	75.04	74.70	71.28
Fixed Interest	77.19	76.97	76.83	76.75	77.00	76.76	74.57
Industrial	551.3	547.9	546.9	558.7	547.0	535.0	465.7
Gold Mines	150.4	152.1	156.8	151.6	147.2	141.5	147.7
Gold Mines (Ex-$ pm)	121.2	121.8	121.9	120.2	117.8	114.7	99.9
Ord. Div. Yield	5.28	5.52	5.31	5.26	5.51	5.42	5.77
Earnings Yld. % (full)	14.14	14.24	14.24	14.09	14.23	14.51	17.59
P/E Ratio (net) (*)	9.06	9.00	9.00	9.09	9.01	8.83	7.69
Dealings marked	6,494	5,271	6,192	5,592	6,632	5,043	5,406
Equity turnover £m	—	109.61	128.83	134.07	106.26	104.26	67.80
Equity bargains total	—	20,201	24,831	20,881	20,352	12,272	16,941

10 am 551.3. 11 am 551.6. Noon 550.8. 1 pm 552.0. 2 pm 551.8. 3 pm 552.1.
Latest Index 01-246 8026.
*Nil=8.50.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex. $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.84 (12/4)	64.64 (3/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.34 (17/4)	66.03 (13/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	652.7 (25/4)	446.1 (12/2)	552.7 (25/4/79)	49.4 (26/6/40)
Gold Mines	183.8 (6/2)	129.9 (17/4)	442.3 (22/5/75)	43.6 (26/10/71)
Gold Mines $ (Ex-pm)	125.6 (26/3)	95.2 (12/1)	337.1 (3/4/74)	54.5 (25/6/76)

S.E. ACTIVITY

	April 30	April 27
—Daily		
Gilt Edged	110.0	111.3
Industrials	250.2	236.5
Speculative	48.1	47.2
Totals	147.9	142.7
5-d'y Av'r'ge		
Gilt Edged	101.8	97.6
Industrials	251.5	220.0
Speculative	44.5	42.9
Totals	157.5	150.9

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
Barclays Bank	£1	13	505	+15	505	360
GEC	25p	13	437	+ 6	438	311
Brocks Group	10p	12	146	+ 9	155	71
Shell Transport	25p	11	798	+ 8	800	556
BP	£1	10	1238	+ 8	1238	882
ICI	£1	10	407	+ 4	410	346
NatWest	£1	10	392	+12	392	278
Beecham	25p	9	727	+ 7	758	592
Lloyds Bank	£1	9	382	+12	388	272
Midland Bank	£1	9	452	+12	452	348
BAT Inds.	25p	8	325	+ 4	362	280
Grand Metropol.	50p	8	175	+ 2	178	112
P. & O. Defd.	£1	8	85	− 3	91	71
RTZ	25p	8	342	+ 7	344	226
Tricentrol	25p	8	238	+ 8	238	148

MONTHLY AVERAGES OF STOCK INDICES

—	April	Mar.	Feb.	Jan.
Financial Times				
Government Securities	75.13	72.57	66.25	67.56
Fixed Interest	76.77	73.04	67.14	69.61
Industrial Ordinary	657.4	511.5	460.2	474.0
Gold Mines	145.2	163.2	178.1	150.6
Do. (Ex-$ pm)	117.3	119.9	120.8	103.7
Dealings Marked	5,422	7,364	5,296	4,061
F.T.—Actuaries				
Industrial Group	260.11	246.22	216.69	218.77
500 Share	294.02	276.79	245.91	242.66
Financial Group	207.65	196.58	170.99	171.11
All-Share (750)	269.94	254.97	225.02	223.62
Redeemable Debs. & Loans	60.23	53.23	52.11	54.54

	High	Low
Industrial Ordinary	552.7 (25th)	525.8 (4th)
All-Share	279.47 (30th)	264.11 (4th)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	75	—	8
Corpns., Dom. and Foreign Bonds	22	1	41
Industrials	446	186	769
Financial and Prop.	219	61	235
Oils	19	6	13
Plantation	10	3	19
Mines	34	70	37
Others	24	71	39
Totals	849	410	1,151

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1300	56	7	104	—	146	—	1238p
Com. Union	160	32	2	35	—	39	—	191p
Com. Union	180	17	20	21	4	25	15	"
Cons. Gold	220	56	13	45	5	59	—	247p
Cons. Gold	240	24	36	34	—	45	—	"
Cons. Gold	260	14	54	21	—	29	—	"
Courtaulds	110	10	47	14½	—	17	—	111p
Courtaulds	120	6½	55	11	—	—	—	"
Courtaulds	130	5½	11	—	—	—	—	"
GEC	390	75	10	90	—	115	—	459p
GEC	420	55	18	75	—	95	—	"
GEC	460	29	57	52	—	64	—	"
Grand Met.	120	62½	5	64½	—	—	—	175p
Grand Met.	140	42½	—	45	5	—	—	"
Grand Met.	160	29	34	32	—	35½	—	"
Grand Met.	180	15	75	20	—	25½	—	"
ICI	390	37	25	50	—	59	—	407p
ICI	420	18	25	30	—	35	—	"
Land Secs	280	40	9	50	—	59	—	310p
Land Secs	300	55	17	46	—	51	—	"
Marks & Sp.	110	26	5	30	—	37	—	136p
Marks & Sp.	120	17	25	23	—	29	—	"
Marks & Sp.	130	11	25	18	—	24	—	"
Shell	600	236	14	260	—	—	—	798p
Shell	750	96	2	120	—	160	—	"
Shell	800	65	43	83	—	125	3	"
Totals			627		16		20	
		May		August		November		
BOC Intl.	60	25	5	25½	—	27	—	79p
BOC Intl.	70	15½	—	16½	—	13½	10	"
BOC Intl.	80	6½	70	11	55	14½	20	"
Boots	220	17	3	25	—	35	—	231p
Boots	260	5½	2	—	—	—	—	"
EMI	110	31	—	37	1	44	—	158p
EMI	120	21	58	29	4	37	—	"
EMI	130	13	80	24	1	33	—	"
EMI	140	8	38	17	3	26	3	"
EMI	150	2½	46	7½	9	—	—	"
Imperial CP.	100	10½	—	15	35	16	—	106p
Imperial CP.	110	5½	89	10	13	12	10	"
RTZ	280	64	9	21	—	103	—	342p
RTZ	300	44	17	67	—	89	—	"
RTZ	330	21	29	43	26	69	15	"
RTZ	360	11	99	32	2	51	10	"
Totals			525		130		68	

APPOINTMENTS

Lucas deputy chairman

Mr. Godfrey Messervy, group managing director of LUCAS INDUSTRIES, has been appointed to the additional position of deputy chairman. He joined Lucas CAV in 1949 and became general manager there in 1969. Three years later Mr. Messervy joined the Board of Lucas Industries and was made managing director in 1974 and group managing director in September last year.

★

Mr. C. J. Nancarrow has been appointed a non-executive director of WESTAIR-HARGREAVE as the nominee of the ICFC. Mr. B. J. Mills, formerly marketing director of Westair Dynamics and at present managing director of Luwa (UK), has also become a non-executive director of Westair-Hargreave.

★

Mr. J. H. Harvey-Jones, a non-executive director of CARRINGTON VIYELLA, is leaving the Board because of pressure of other commitments. His place will be taken by Dr. N. B. Smith, who, like Mr. Harvey-Jones, is a full-time executive director of Imperial Chemical Industries.

★

Professor R. J. Ball, principal of the London Business School, has been appointed a director of IBM United Kingdom Holdings and IBM United Kingdom Limited.

★

Mr. Michael Pilch, a director of Noble Lowndes and Partners, has taken over from Mr. Keo Smith as chairman of the NATIONAL ASSOCIATION OF PENSION FUNDS. Vice-chairman will be Mr. Maurice Oldfield, group pensions executive, Allied Breweries, and Mr. Hugh Jenkins, director general, superannuation investments of the National Coal Board. The treasurer will be Mr. Ray Langham, deputy pensions officer of Unilever.

★

Mr. Antonin von Marx, general manager of the London branch, has been appointed to the Board of the BANQUE OCCIDENTALE POUR L'INDUSTRIE ET LE COMMERCE (FRANCE).

★

Mr. Max Neilson has been appointed a director of CARTER BREED AND WARBURG, responsible for the international bond management and advisory business as well as managing international fixed interest investments. He joins the company from Blyth Eastman Dillon, where he was managing director of its London office.

★

Mr. R. A. Douglas, on his retirement as senior partner of Robson Rhodes, has joined the Board of BRAID GROUP as financial director.

★

WIGHAM POLAND GROUP has made the following appointments: Wigham Poland UK—Mr. Kingsley Borrett, director. Wigham Poland Reinsurance Brokers—Mr. D. J. Wormall, associate director, Mr. D. J. Jeffries, Mr. T. L. F. O'Connor, Mr. K. Pont, and Mr. M. J. Sweetman, divisional directors, and Mr. C. D. Epps, Mr. B. Johnson, Mr. G. M. Hooghloo and Mr. F. Stringer, managers. Wigham Poland Marine—Mr. A. F. Adams, Mr. P. R. Blackman, Mr. J. R. Clements and Mr. R. A. Walker, assistant directors.

★

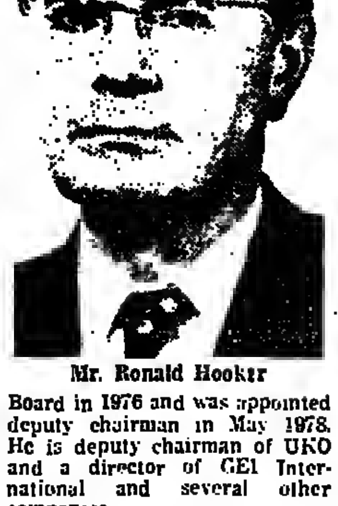
Mr. J. Miller has been appointed a director of Glen Metals and Stewart Thomson (Wishaw). He is at present a director and secretary of J. R. Forrester and Co. and a director of Central Shearline. Mr. E. C. Smallwood has joined the Boards of the four companies which are members of the JOHN WILLIAMS GROUP. Mr. Smallwood is a non-executive director of the group.

★

Mr. Michael W. Sledge has been appointed production director to NOTTINGHAM BRICK COMPANY.

★

Mr. Ronald Hooker has been appointed chairman of DUBILIER following the resignation of Mr. Ray Wheeler who is taking up a new appointment in industry. Mr. Hooker joined the



Mr. Ronald Hooker

Board in 1976 and was appointed deputy chairman in May 1978. He is deputy chairman of UKO and a director of GEI International and several other companies.

★

Dr. J. K. Skelly, technical director of the dyestuffs and chemicals division of Ciba-Geigy (ADP), has been elected president of the SOCIETY OF DYERS AND COLOURISTS.

★

BERNI INNS has made four new appointments to its Board and a change of responsibilities of directors. Mr. Jim Pearce has become chief executive, Mr. Dick Turpin, managing director (trading), Mr. Geoff Yallup, managing director (development and planning), and Mr. Tom Norris, director of personnel and training. The new appointments are Mr. David Brookes, purchasing director, Mr. Fred Geller, director of operations (Berni Inns), Mr. Tony Harris, financial director, and Mr. Alan Pickup, director of operations (Schooner Inns). Berni Inns is part of Grand Metropolitan.

★

Mr. John C. Emery, Jr., has been appointed chairman of EMERY AIR FREIGHT CORPORATION. He succeeds Mr. James J. McNulty as chairman and will hold the titles of chairman, president and chief executive officer. McNulty will become chairman of the executive committee.

★

Mr. Harvey L. Adams has joined the ACLI RUBBER COMPANY as a vice-president. He was previously associated with Internatio, Inc.

★

Mr. Jim André has been appointed corporate finance director, MIDLAND BANK international division, with responsibility for shipping and aerospace. Mr. Keo Brown has been made corporate finance director of that division, in charge of oil and energy.

★

Mr. Pierre Pavy has been appointed divisional sales director of the valve actuator, controls division, of the ROTORK GROUP. He takes over from M. Robert Paillosson, who is returning to France to concentrate on his position as directeur general of Rotork Motorisation SA, Paris.

★

Mr. E. J. Cressey, estate surveyor (management) Eastern Region, has been appointed chief estate surveyor (management) at BRITISH RAIL PROPERTY BOARD headquarters, London, from May 28. He replaces Mr. Frank Hale, who is retiring.

★

Mr. E. N. Sheppard and Mr. L. A. Mackay have retired from SHEPPARDS AND CHASE, stockbrokers.

★

Mr. Albert Chan has returned to Hong Kong as an executive director of Sun Hung Kai International. Mr. Andrew Fraser has been appointed managing director of SUN HUNG KAI SECURITIES (UK).

★

Mr. D. G. Lynall, of Linread, has been elected chairman of the BRITISH INDUSTRIAL FASTENERS FEDERATION. Mr. D. W. Richardson, of Glynwed Screws and Fastenings, has been made chairman-elect of the Federation.

★

Mr. Keith Reynolds (formerly of E. B. Savory Milln and Co.) has joined the research department of BREWIN DOLPHIN AND CO., stockbrokers, and will continue to specialise in bank shares.

★

Mr. Anthony Lunch has been appointed managing director of INTERCONTINENTAL COOKING AND TABLEWARE COMPANY. He was previously marketing director of Serventi.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
May 1	May 14	Jul. 26	Aug. 7
May 15	May 29	Aug. 9	Aug. 21
May 30	Jun. 11	Aug. 23	Sep. 4

For rate indications see end of Share Information Service

An active business was seen in the Options market with calls dealt in Premier Oil, Bank and Commercial, Town and City, UBM, Fitch Lovell, Renwick, GEC, Marks and Spencer, Land Securities, Spillers, Burmah, Trafalgar House, Cadbury Schweppes, Westland Aircraft, Plessey, LOFS, Swire Properties, Brown Boveri Kent, Norfolk Capital Hotels, Horizon Midlands, Imperial Continental Gas, E. Fogarty, Bolton Textile, Lonrho, KCA, Lesney, Airfix, Automated Securities, Crest Nicholson, Keyser Ullman, Tesco, Barr and Wallace Arnold Trust, Lex Service, Dunlop, Inter-City, Charterhall, FNFC, Cole (R. H.) and Myson. No puts were reported, while doubles were arranged in Spillers, Burmah, Lonrho, Bolton Textile and Norfolk Capital.

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (242)

BRITISH FUNDS (9)
CORPORATION LOANS (8)
COMMONWLTH. & AFRICAN LOANS (7)
LOANS (1)
FOREIGN BONDS (2)
BANKS (13)
BEERS (8)
BUILDINGS (12)
CHEMICALS (1)
DRAPERY & STORES (12)
ELECTRICALS (8)
ENGINEERING (15)
FOODS (8)
INDUSTRIALS (40)
INSURANCE (8)
LEISURE (5)
MOTORS (5)
NEWSPAPERS (4)
PAPER & PRINTING (1)
PROPERTY (20)
SHIPPING (1)
SHOES (1)
TEXTILES (7)
TOBACCOS (1)
TRUSTS (31)
OILS (7)
RUBBERS (8)
MINES (3)

NEW LOWS (8)

AMERICANS (1)
Hutton (E. F.)
CHEMICALS (1)
Revertex
ELECTRICALS (1)
Cray Electronics
INDUSTRIALS (4)
Boot (Henry) | Kleen-E-Ze
Hestair | Mathersons 7½pc
TEXTILES (1)
Beales (J.)

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P.E. Ratio
195	F.P.	—	195	150	Appl. Computer	195	+5	0.7	11.0	0.5	24.0
‡‡	F.P.	—	57½	42½	Bank Bridge 10p	52½	+½	—	—	—	—
65	F.P.	20/4	181	66	Delmanian Hldgs.	181		[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	16/3	170	118	Hunting Assoc. Defd.	170		[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
99¾	F.P.	—	99¾	99¾	Cleveland (County of) Var. Rate 1984	99¾	
‡‡	F.P.	4/5	53½	52½	Eng. Assoc. Sterling Fd. Part. Red. Prf.	53½	
‡100	F.P.	27/4	102	99	[illegible]	100	+1
20p	Nil	11/5	1pm	1pm	How'rd Wynd'h 9% Cnv. Cum. Red. Prf.	1pm	
96	F.P.	15/6	98	99	[illegible]	[illegible]	
‡‡	F.P.	27/7	102	99	Lee Valley Water 8% Red. Prf. 1986	102	
‡‡	F.P.	—	10p	10p	Lyles (S.) 11% Cum. Prf.	10p	+1
72½	F.P.	20/4	78½	72½	MEPC 6½% Conv. Uns. Ln. 1995-2000	78½	
100	F.P.	—	30pm	15pm	Slough Ests. 8% Cnv. 1991-94	30pm	+1
‡‡	F.P.	28/4	10½	[illegible]	Thomas 10¼% Prf.	[illegible]	

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
200c	F.P.	27/4	18/5	104½	96½ Abercom Invs.	97½	−1
12	F.P.	—	—	18½	10½ Armour Trust	17½	−½
185	Nil	—	—	47pm	27pm Bamber Clark	47pm	+1
115	F.P.	30/3	20/4	160	147 Bramner (H.)	159	+4
20	Nil	—	—	13pm	3pm Brent Chemicals	15pm	+4
20	F.P.	27/4	18/5	105	82 Crest Nicholson	105	+7
26½	Nil	—	—	5pm	4pm Davis & Metcalfe 'A'	5pm	
55	F.P.	23/3	19/5	252	210 Johnson Matthey	258	+2
185	Nil	—	—	7pm	3pm Maddock	5pm	
5p	Nil	—	—	49pm	38pm Norfolk Cap. Hotels	49pm	+1
34	F.P.	12/4	31/5	74pm	69pm Park Place Invs.	73pm	
4	F.P.	12/4	31/5	169	147 Powell Duffryn	160	
20	F.P.	23/4	25/5	33	27½ Singlo Holdings	27	
100	F.P.	10/4	18/5	125	116 Unicorn Inds.	121	

Renunciation date usually last day for dealing free of stamp duty. ○ Figures based on prospectus estimate. ○ Assumed dividend and yield. ● Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡‡ Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Mon., April 30, 1979: Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Fri. April 27 Index No.	Thurs. April 26 Index No.	Wed. April 25 Index No.	Tues. April 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	282.00	+0.8	14.94	4.91	8.94	279.88	280.19	281.30	277.70	205.13
2	Building Materials (27)	262.56	+0.6	15.46	5.23	8.53	260.96	261.38	264.85	259.98	183.76
3	Contracting, Construction (28)	435.81	+0.6	18.26	4.78	7.61	432.63	433.67	431.11	426.69	326.14
4	Electricals (14)	683.03	+1.0	11.42	2.80	11.98	676.42	675.66	679.48	672.71	430.99
5	Engineering Contractors (12)	426.47	+1.3	16.55	5.36	8.32	420.82	422.06	423.56	417.62	300.47
6	Mechanical Engineering (75)	208.25	+0.8	16.44	5.53	7.99	206.57	207.31	207.40	204.84	163.89
8	Metals and Metal Forming (16)	189.05	+0.4	16.20	8.22	8.02	188.22	188.35	189.32	186.57	165.27
11	CONSUMER GOODS (DURABLE) (53)	255.09	+0.7	13.74	4.26	9.68	253.38	253.15	253.86	251.80	190.58
12	Lt. Electronics, Radio, TV (16)	346.92	+0.7	10.93	3.05	12.95	344.40	344.45	345.14	342.78	224.74
13	Household Goods (12)	178.15	+0.2	14.42	6.69	9.37	177.83	176.46	176.71	176.13	178.91
14	Motors and Distributors (25)	131.40	+0.7	19.62	6.35	6.27	130.55	130.17	130.94	129.45	120.39
21	CONSUMER GOODS (NON-DURABLE) (170)	264.84	+1.0	13.53	4.98	9.60	261.85	262.50	264.82	262.56	198.55
22	Breweries (14)	297.74	+0.9	12.81	5.05	9.90	294.99	295.92	299.16	297.00	226.85
23	Wines and Spirits (6)	339.14	+1.9	13.69	4.34	10.66	336.73	334.83	338.53	335.19	229.69
24	Entertainment, Catering (17)	370.93	+1.0	12.73	5.17	10.46	367.22	366.96	370.84	366.84	250.62
25	Food Manufacturing (19)	233.02	+0.8	16.63	4.87	7.70	231.07	231.93	233.98	230.22	190.39
26	Food Retailing (15)	321.42	+1.6	10.02	3.67	13.55	316.31	315.64	319.86	315.86	191.97
32	Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	153.18	+1.1	16.86	7.12	7.63	151.51	152.15	153.61	150.89	131.50
34	Stores (40)	266.12	+1.0	9.52	3.65	14.61	263.47	264.92	267.56	267.26	183.58
35	Textiles (25)	186.98	+1.0	17.45	6.10	7.41	185.13	185.14	186.70	185.32	179.13
36	Tobaccos (3)	279.80	+0.8	20.41	7.38	5.63	277.68	276.72	279.59	275.94	238.57
37	Toys and Games (6)	89.11	+0.3	24.99	7.43	4.72	88.81	89.32	89.99	91.04	95.54
41	OTHER GROUPS (99)	229.84	+0.6	13.77	5.58	9.02	228.40	228.52	230.00	227.73	184.17
42	Chemicals (18)	325.66	+0.8	15.55	6.30	8.12	323.11	324.31	326.12	322.01	255.69
43	Pharmaceutical Products (7)	272.63	+0.8	9.91	4.35	12.86	270.56	271.16	273.97	269.54	248.19
44	Office Equipment (6)	148.94	+0.3	13.63	5.51	9.25	148.39	147.85	148.72	147.46	127.56
45	Shipping (10)	463.99	+0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (58)	261.77	+0.6	15.12	5.62	8.60	260.14	262.18	261.93	259.60	189.36
49	INDUSTRIAL GROUP (494)	267.79	+0.9	13.96	5.05	9.29	265.38	265.93	267.93	265.09	200.17
51	Oils (6)	703.01	+0.9	11.98	3.12	9.46	696.52	689.15	694.31	689.03	470.14
59	500 SHARE INDEX	303.21	+0.8	13.49	4.72	9.32	300.64	300.49	302.50	299.70	225.35
61	FINANCIAL GROUP (115)	210.50	+1.7	—	4.98	—	206.99	207.35	210.31	207.63	165.68
62	Banks (6)	264.85	+3.2	25.22	4.54	5.12	255.84	256.19	258.72	251.40	191.84
63	Discount Houses (10)	266.79	+1.5	—	5.97	—	262.88	262.07	262.77	262.23	197.58
64	Hire Purchase (5)	201.03	+2.9	15.95	4.34	8.05	195.37	196.28	200.94	200.18	140.94
65	Insurance (Life) (10)	159.45	+0.7	—	5.80	—	158.31	157.61	159.94	157.50	129.38
66	Insurance (Composite) (8)	154.99	+2.2	—	6.09	—	151.68	152.61	153.25	152.81	127.01
67	Insurance Brokers (10)	334.12	+1.7	14.85	5.75	9.69	328.47	332.54	334.85	329.27	335.69
68	Merchant Banks (14)	101.56	+1.5	—	5.43	—	100.65	101.42	101.82	100.74	77.62
69	Property (42)	366.18	+1.2	3.08	2.22	49.97	361.75	359.92	360.30	357.48	233.13
70	Miscellaneous (10)	134.18	+2.7	16.80	6.19	7.41	130.59	130.38	130.11	127.28	106.31
71	Investment Trusts (111)	247.19	+0.4	—	4.47	—	246.64	245.91	247.67	244.64	202.31
81	Mining Finance (4)	143.66	+1.3	13.96	5.48	8.57	141.83	142.05	144.96	142.00	106.85
91	Overseas Traders (20)	369.79	+0.8	13.58	6.83	9.36	366.90	367.70	371.34	364.30	309.72
99	ALL-SHARE INDEX (750)	279.46	+1.1	—	4.77	—	276.49	276.63	278.39	275.46	209.68

FIXED INTEREST PRICE INDICES

	British Government	Mon. April 30	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	108.30	+0.47	—	3.01
2	5-15 years	123.15	+0.54	—	2.90
3	Over 15 years	128.89	+0.55	—	4.37
4	Irredeemables	137.57	+0.40	—	6.08
5	All stocks	119.11	+0.51	—	3.73

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Mon. April 30	Fri. April 27	Year ago (approx.)
1	Low Coupons	5 years	9.18	9.30	8.43
2		15 years	10.14	10.19	10.04
3		25 years	10.72	10.77	11.36
4	Medium Coupons	5 years	10.42	10.53	10.61
5		15 years	11.23	11.30	11.43
6		25 years	11.62	11.67	12.29
7	High Coupons	5 years	11.08	11.18	10.94
8		15 years	11.80	11.88	12.67
9		25 years	11.90	11.97	12.92
10	Irredeemables		10.54	10.58	11.07

		Mon., April 30 Index No.	Yield %	Fri. April 27	Thurs. April 26	Wed. April 25	Tues. April 24	Mon. April 23	Fri. April 20	Thurs. April 19	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	61.47	12.09	61.43	61.31	60.76	60.76	60.70	60.66	60.81	58.52
16	Investment Trust Prefs. (15)	51.46	13.80	52.21	52.07	52.93	52.93	52.93	52.93	52.33	54.48
17	Coml. and Indl. Prefs. (20)	75.17	12.41	75.20	76.17	76.06	76.61	76.03	76.86	74.78	71.01

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	110.3	116.1	+0.5	3.04
Abbey Capital	47.2	43.8	+0.3	4.08
Abbey Income	48.1	51.2	+0.4	5.94
Abbey Inv. Tst. Fd.	42.0	44.7	.....	4.40
Abbey Gen. Tst.	56.3	59.9	+0.7	3.89
Equitas Prog. Tst.	75.5	79.7	−0.5	4.26

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	99.2	104.4	...	12.42

Allied Hambro Group (e) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st.	81.5	87.2	+0.7	4.77
Brit. Inds. Fund	79.8	85.4	+1.0	4.68
Grth. & Inc.	45.5	48.7	+0.5	4.52
Elect. & Ind. Dev.	42.6	45.6	+0.4	4.08
Allied Capital	85.1	91.1	+0.9	3.97
Hambro Fund	231.8	247.8	+1.3	4.60
Hambro Acc. Fd.	152.5	163.2	+1.7	4.02

Income Funds

High Yield Fd.	82.6	88.4	+0.1	7.52
High Income	77.3	82.7	+0.3	6.43
A. H. Eq. Inc.	46.0	49.2	+0.2	6.50

International Funds

International	26.1	27.9	−0.1	2.88
Pacific Fund	39.0	41.7	.....	2.13
Secs. Of America	55.5	59.4	−0.2	1.94

Specialist Funds

Smaller Co.'s Fd.	49.0	52.4	+0.1	5.63
2nd Smlr. Co's Fd.	60.6	64.8	+0.1	3.86
Recovery Sits.	118.7	127.0	+0.6	4.33
Met. Min. & C'dty.	49.2	52.6	+0.2	4.35
Overseas Earnings	69.0	73.8	+0.7	3.93

Exempt Funds

Far East Exempt	44.6	46.3	−0.1	2.16
Smaller Co. Exempt	76.6	80.4	+0.2	4.04

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking 0306 5055

Friends Prov. Uts.	52.4	56.0	−0.5	4.29
Do. Accum.	70.3	75.1	+0.5	4.29

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital April 26	117.6	119.7	...	4.18
Gross Inc. April 26	88.5	90.6	...	7.95
High Yield April 26	97.3	100.8	...	8.33

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	109.2	116.1	.....	2.60
Do. Acc.	134.0	142.5	.....	2.60
G.T. Inc. Fd. Un.	178.6	189.9	.....	8.30
G.T. U.S. & Gen.	128.3	136.4	−3.6	—
G.T. Japan & Gen.	81.0	86.5	.....	2.10
♦Gt. Pens. Ex. Fd.	214.4	225.0	.....	2.80
G.T. Int'l. Fund	155.2	165.1	.....	1.60
G.T. Four Yds. Fd.	63.2	67.2	.....	7.60
G.T. Far East & Gen.	44.6	47.9	.....	2.20

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	40.1	42.8	−0.3	4.30

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP. 01-283 3531
Dealing only: 01-623 5766/5806

American Tst.	25.3	27.2	−0.3	0.46
British Tst. (Acc.)	68.4	73.6	−0.6	3.27
Commodity Share	182.0	195.7	+1.1	3.33
Extra Income Tst.	27.2	29.3	−1.0	7.67
Far East Trust	33.0	35.5	.....	0.24
High Income Tst.	67.4	72.5	.....	8.24
Income Fund	87.4	94.0	.....	6.01
Ins. Agencies	£16.03	17.03	−0.10	3.59
Intl. Exempt Fd.	106.6	115.5	+0.6	5.83
Intl. Tst. (Acc.)	32.9	35.4	.....	0.70

[illegible]

INSURANCE AND PROPERTY BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	SUS7.45		...	—

Net asset value April 25.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg. Fd.	£12.33	12.34	...	11.06

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	126	130	.....	7.69

Next dealing date May 2.

Gov't Secs. Tst.	97.5	101.0	+0.5	12.38

Next dealing May 8.

East & Intl. Tst. (C.I.)	100	107	...	3.50

Next dealing date May 3.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney

US$1 Shares	SUS1.48		.....	—

Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	SUS112.29	112.87	...	8.20

Prices at April 26. Next sub. day May 2.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund	SUS58.35	60.15	−0.12	8.06

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	91.9	96.7	...	3.00

Barclays Unicorn Int. (Ch. Is.) Ltd
1, Charing Cross, St. Helier, Jsy. 0534 73741

Overseas Income	49.2	51.8	.....	11.40
Unidollar Trust	SUS11.57	12.22	.....	1.60
Unibond Trust	SUS104.70	105.80	.....	8.60

Kemp-Gee Management Jersey Ltd.
1 Charing Cross, St. Helier, Jersey. 0534 29041

Capital Fund	—	—	...	—
Income Fund	—	—	...	—
Gilt Bond	—	—	...	—

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,350	1,482	.....	2.40
Bondselex	Fr119.95	125.95	.....	—
Cent. Assets	£144.96	145.04	+0.17	—

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	£10.00	10.05	.....	11.00
Gilt Trust (I.o.M.)	112.6	115.5	−2.4	11.00
Gilt Fnd. Guernsey	10.37	10.41	....	11.00
Intl. Govt. Secs. Tst.				
First Sterling	£20.22	20.34	.....	—
First Intl.	SUS208.17	218.96	.....	—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Eurinvest. Lux. F.		1,111	+1	4.32
Guernsey Inc.	70.4	74.8	.....	2.85
Do. Accum.	89.5	95.1	.....	2.85
KB Far East Fd.		SUS13.09	.....	1.53
KB Gilt Fund	£11.68	11.75	.....	10.48
KB Intl. Fund		US$12.48	.....	2.24
KB Japan Fund		US$33.54	.....	0.75
K.B. U.S. Gwth. Fd.		US$13.24	.....	1.51
Signet Bermuda		US$5.27	+0.03	1.71
K.B. Int. Bd. Fd.		SUS104.05	.....	—

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Tst. O'seas.	54.3	57.2	.....	2.17

Next dealing May 15.

Lloyds Trust Gilt	£10.62	10.63	.....	11.50

Next dealing May 2.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)

Lloyds Int. Growth	SF337.0	360.50	.....	1.20

[illegible]

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$318.08		.....	2.40
Jardine J'pn. Fd.*	HK$402.45		.....	0.90
Jardine S.E.A.	US$16.99		.....	2.10
Jardine Flem. Int.	HK$12.89		.....	0.70
Intl. Pac. Secs. (Inc.)	HK$13.54		.....	1.30
Do. (Accum.)	HK$13.73		.....	—

NAV April 14. *Equivalent US$81.88. Next sub. day April 30.

CMF Ltd. April 26	US$13.76	14.11	+0.01	2.90
CMT Ltd. April 26	£14.08	14.45	+0.08	2.80
Metals Tst. April 19	£15.53	15.91	.....	5.46
TMT April 12	SUS10.98	11.27	.....	2.84
T.M.T. Ltd. April 12	£11.07	11.36	—	1.06

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	US$16.97		−0.01	—

Wren Commodity Trust
10, St. George's St., Douglas IoM 0624-25015

Wren Commod. Tst.	58.6	59.1	.....	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. e Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1979 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
23	22	Antofagasta Rly...	22	......	—	—
40	39	Do. 5pc Pref......	40	......	—	—
98	98	Chilean Mixed......	98	......	—	13.10

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 24% (based on US$2.0649 per £)
Conversion factor 0.8060 (0.8009)

CANADIANS

S.E. List Premium 24% (based on $2.3553 per £)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
14	9	Acmex	9	......	—	—	—
171	128	Bougainville 50 Toea	135	......	Q15c	1.0	6.9
140	84	B H South 50c	95	......	—	—	—
540	340	Central Pacific	525	......	—	—	—
318	220	Conzinc Riotinto 50c	246	+3	†Q10c	2.0	2.5
36	21	Cultus Pacific N.L.	25	+1	—	—	—
21½	13½	Endeavour 20c	24½	+½	—	—	—
98	62	G.M. Kalgoorlie $1	68	+2	Z03c	—	2.5
42	23	Haoma Gold N.L.	30	......	—	—	—
170	148	Hamptn Areas 5p	168	+1	‡t3.55	2.0	3.2
56	25	Metals Ex. 50c	54½	−½	—	—	—
275	197	M.I.M. Hldgs. 50c	211	−5	†Q9c	1.7	2.4
15	15	Minefields Expl.	15	......	—	—	—
74	38	Mount Lyell 25c	52	−2	—	—	—
44	17	Newmetal 20c	20	+3	—	—	—
141	100	North B. Hill 50c	108	......	†Q8c	1.3	4.3
22	11	Nth. Kalgurli	13½	−½	—	—	—
40	22	Nth. West Mining	25	......	—	—	—
137	88	Oakbridge $A1	94	+1	Q12c	1.9	7.4
37	22	Oilmin N. L.	28	−1	—	—	—
120	58	Pacific Copper	92	−1	—	—	—
£10¾	625	Pancont'l 25c	700	−25	—	—	—
25¾	17½	Paringa M&Ex.5p	19½	−½	—	—	—
510	330	Peko-Wallsend 50c	348	−5	Q15c	3.3	2.5
215	145	Southern Pacific	210	+3	—	—	—
188	139	Westn. Mining 50c	153	−1	†Q3c	8.7	1.1
11	9	Westmex	10	......	—	—	—
65	50	Whim Creek 20c	55	+1	—	—	—

TINS

1979 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
30	23	Amal. Nigeria	29	......	2.81	1.3	14.4
435	315	Ayer Hitam $M1	320	+5	Q300c	0.5	20.1
72	51	Beralt Tin	64	−1	4.0	ϕ	9.3
270	200	Berjuntai $M1	220	−5	†Q110c	1.0	11.9
160	145	Geevor	160	......	H5.57	5.8	5.2
10½	8	Gold & Base 12½p	10½	......	—	—	—
365	295	Gopeng Cons.	365xd	......	†10.0	1.4	7.4
360	295	Hongkong	360	......	12.5	2.8	5.2
70	64	Idris 10p	70xd	+2	8.0	ϕ	17.1
14	9½	Jantar 12½p	14	......	—	—	—
82	66	Kamunting $M0.50	82	+1	†Q12.5c	2.1	3.3
620	210	Killinghall $M1	335	......	—	—	—
465	365	Malay Dredging $M1	400	−5	†175c	0.7	9.4
57	41	ΔPahang	43	−1	—	—	—
85	60	Pengkalen 10p	82xd	+2	4.5	1.2	8.2
245	205	Petaling $M1	245	+10	Q120c	1.3	10.5
85	73	Saint Piran	80	−1	†2.03	6.5	3.8
58	53	South Crofty 10p	56	......	†4.19	2.0	11.2
210	170	South Kinta $M0.50	195	......	†Q145c	0.6	16.0
405	285	Sthn Malayan $M1	385	+5	†Q190c	1.8	10.6
285	210	Sungei Besi $M1	275	−10	mQ65c	5.3	5.1
75	50	Supreme Corp. $M1	50	......	ZQ10c	—	4.3
105	94	Tanjong 15p	100	......	6.60	0.8	9.8
265	205	Tronoh $M1	250	+5	†Q88c	1.6	‡

COPPER

1979 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
111	56	Messina R0.50	107	......	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
74	54	Barymin	63	−1	—	—	—
13½	10	Burma Mines 17½p	10	......	—	—	—
345	170	Cons. Murch. 10c	260	−5	—	—	—
410	340	Northgate C$1	380	−10	—	—	—
344	226	R.T.Z.	342	+7	11.5	q2.6	5.1
31	18	Robert Mines	26	−½	—	—	—
65	40	Sabina Inds. C$1	42	−2	—	—	—
880	687	Tara Exptn. $1	750	......	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1979 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
$13¼	$10½	Buffels R1	$13	......	Q190c	ϕ	16.8
$11¾	890c	East Drie R1	$10⅞	......	Q115c	1.6	12.7
470c	350c	East Rand Prp. R1	440c	......	Q10c	—	2.7
$24¼	$18¾	F.S. Geduld 50c	$23¾	+¼	†Q315c	2.4	15.5
$14¾	$11⅛	Pres. Brand 50c	$14⅜	−⅛	†Q150c	3.2	12.2
$14¼	$10¼	St. Helena R1	$12⅝	+¼	Q190c	1.4	17.3
595c	407c	Stilfontein 50c	580c	+10	Q66c	ϕ	13.1
$24¼	$18¼	Vaal Reefs 50c	$23⅞	+⅛	Q280c	2.7	13.5
$35¼	$28¾	West Drie R1	$33¼	+¼	†Q385c	1.7	13.1
$30⅞	$22¼	West. Hldgs. 50c	$30⅜	......	†Q415c	1.4	16.0
$13	$10⅜	Western Deep R2	$11⅞	−⅛	Q197½c	2.1	14.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ϕ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xt ex capital distribution.

" Recent Issues " and " Rights " Page 46

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	29	+1½
Ash Spinning	105	......
Bertam	28	......
Bdg'wtr. Est. 50p	407	......
Clover Croft	28	......
Craig & Rose £1	£10⅞	......
Dyson (R. A.) A	35	......
Ellis & McHdy	70	......
Evered	28xd	......
Fife Forge	54	......
Finlay Pkg. 5p	21xd	......
Graig Ship. £1	210	+30
Higsons Brew	85	......
Holt (Jos) 25p	269xd	......
I.O.M. Stm. £1	165	......
Pearce (C. H.)	215	......
Peel Mills	30	......
Sheff. Refrshmt	82	......
Sindall (Wm.)	142	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£92⅛	......
Alliance Gas	106	......
Arnott	385	......
Carroll (P.J.)	105	......
Clondalkin	86	......
Concrete Prods.	92	+2
Heiton (Hldgs.)	62	......
Ins. Corp.	210xd	......
Irish Ropes	105	......
Jacob	37xd	......
T.M.G.	245	......
Unidare	85	......

OPTIONS

3-month Call Rates

Stock	Rate
Industrials	
A. Brew	7
BOC Intl.	6
B.S.R.	8
Babcock	14
Barclays Bank	32
Beecham	52
Blue Circle	18
Boots	18
Bowaters	18
B.A.T.	28
Brown (J.)	50
Burton 'A'	22
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	21
Dunlop	6½
Eagle Star	10
E.M.I.	14
Gen. Accident	21
Gen. Electric	32
Glaxo	50
Grand Met.	12
G.U.S. 'A'	30
Guardian	24
G.K.N.	24
Hawker Sidd	22
House of Fraser	15
I.C.I.	20
"Imps"	9
I.C.L.	40
Inveresk	7
KCA	4
Ladbroke	10
Legal & Gen.	14
Lex Service	9
Lloyds Bank	25
"Lofs"	5
London Brick	7
Lonrho	9
Lucas Inds.	25
"Mams"	10
Mrks. & Spncr	9
Midland Bank	30
N.E.I.	14
Nat. West. Bank	28
Do. Warrants	15
P & O Dfd.	8
Plessey	10
R.H.M.	5
Rank Org.	25
Reed Intnl.	16
Spillers	5½
Tesco	6
Thorn	22
Trust Houses	27
Tube Invest.	30
Unilever	55
U.D.T.	4
Utd. Drapery	10
Vickers	17
Woolworths	6½
Property	
Brit. Land	5
Cap. Counties	7
E.P.	3½
Intreuropean	5
Land Secs.	20
MEPC	15
Peachey	13
Samuel Props.	14
Town & City	2
Oils	
Brit. Petroleum	70
Burmah Oil	11
Charterhall	3½
Shell	48
Ultramar	24
Mines	
Charter Cons.	16
Cons. Gold	17
Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday May 1 1979

Euroloan at low rates for French utility

BY JOHN EVANS

A $700m Eurocurrency loan planned for Electricite de France is the latest indication that key American banks no longer oppose lower interest margins for lending in the international capital markets.

The French state energy agency is seeking the loan for 12 years with an average spread above London interbank rates of just under ½ per cent, the current floor for most top-quality borrowers.

Morgan Guaranty Trust Co. of New York will act as co-lead manager for the credit, together with Credit Lyonnais. The financing is designed as a back-up line for the issue by the French agency of commercial paper in the U.S.

Under a new formula, the average weighted spread on the loan will be 0.486 per cent, including a 0.25 per cent facility fee which will be payable whether the credit is drawn or not.

The basic spreads on the credit, with an average life of 10.5 years, are 0.15 per cent for the first four years, 0.25 per cent for the second four and 0.35 per cent for the last four years.

Morgan Guaranty now joins the Citicorp Group, part of Citibank, which has also decided to start lending at a margin of 0.5 per cent above interbank rates in recent weeks. There seems little doubt that other big U.S. banks will follow their lead.

U.S. leading indicators fall

BY DAVID BUCHAN IN WASHINGTON

THE LEADING economic indicators index—designed to predict the future path of the U.S. economy—dropped 0.5 per cent in March, the third consecutive monthly decline.

This followed last week's news that, in the first three months, gross national product, or the value of all goods and services produced, rose by only 0.7 per cent at an annual rate.

Although a movement in the same direction in the index over three successive months is generally regarded as a trend, the latest monthly figure—which is only an estimate—should be used only tentatively in predicting a persistent slowdown in the economy.

The figures are often revised. February's fall in the index is now put at 0.4 instead of 0.9 per cent.

In the second quarter, GNP growth is expected to recover, although Mr. William Miller, chairman of the Federal Reserve Board, has said that if it returns to an annual rate of more than 2.5 per cent, monetary policy should be tightened.

With consumer prices rising at an annual rate of 13 per cent in the first quarter, the Administration has welcomed signs of some slowdown in the economy. President Carter, though, with next year's election ahead, has ruled out any "planned recession."

Instead he is still pinning his electoral hopes on his voluntary wage and price guidelines, whose success so far has been modest.

The indicator contributing most to the decline in the March leading index was the fall in total liquid assets, showing that business is short of cash and forced to borrow more. This follows last week's moves by the Fed to increase marginally the cost of money.

Other reasons for the March decline were an increase in layoffs, with a fall in new orders, contracts for new plant and equipment by business, as well as a drop in the money in circulation. This last indicator is now less reliable with recent changes in banking practice.

There were, however, some signs of rising activity last month. Industry worked a longer average week, stock exchange prices rose, and more building permits were granted. The construction industry in the U.S., which had a very bad spring, is likely to pick up this summer, but not to the level of previous years.

Burmah buys in chartered tankers to cut deficit

BY CHRISTINE MOIR

BURMAH OIL has paid in excess of £20m to buy in four laid-up tankers which it chartered from the U.S. transportation group, GATX, in a move designed to reduce significantly its £23m operating deficit on shipping.

The four tankers are the Cadogan, Cadwalador, Carnegie and Casterbridge. They were all built between 1967 and 1970, total 430,000 deadweight tonnes. All four have been laid up for some time, and their combined scrap value is of the order of £8m.

The negotiations with GATX, which were concluded late last week, were foreshadowed in Burmah's preliminary figures, published in mid-month, which included a £14.6m provision against charter cancelations.

Purchase of the tankers eliminates the losses on the charters which amount to £4m a year, and significantly reduces the forward commitments on tankers, which in the 1977 balance-sheet amounted to £118m between 1980 and 1997.

Instead, the losses are taken direct to reserves where provisions for the major part have already been made.

It seems likely that Burmah will scrap the four vessels, which are not of modern design, but the company would not comment on this possibility.

Mr. James Gough, vice-president of GATX, confirmed from Chicago yesterday that the deal with Burmah meant that its only connection with the British company was its minority equity interest in two liquid natural gas carriers, Aquarius and Aries.

This suggests that the deal also included cancellation of Burmah's forward commitment to charter the 228,000 dwt *Castletown*, which has still to come on charter. Burmah has not, however, bought the Castletown.

The deal is part of Burmah's policy of disentangling itself from the dramatic expansion into shipping in the early 1970s which ultimately led to its near collapse, and the expensive rescue by the Bank of England.

In 1977, Burmah cancelled eight tanker charters and two charters on liquid natural gas carriers at a cost of £24.3m. Since then, four more cancellations had been completed before the latest deal.

The sale will not have "any material impact" on the 1979 results of GATX, according to Mr. Gough. For Burmah, however, it has the triple benefit of reducing the sizeable forward liabilities on shipping, boosting the profit and loss account, and restructuring the balance sheet to reflect the group's assets and liabilities more accurately.

Teachers' action closes schools

By Michael Dixon, Education Correspondent

SCHOOLS IN at least 56 local authority areas were disrupted yesterday as the 258,000-member National Union of Teachers brought forward its action over the Government's suspension of pay negotiations.

Many schools were reported to have closed at midday because NUT members were refusing to supervise lunch-breaks, take part in after-hours activities or use their own cars for school work.

The disruption will steadily worsen as the rest of the NUT's 557 branches join in withdrawing goodwill. In addition about 85,000 members of the Assistant Masters and Mistresses Association have been told to walk out tomorrow for the afternoon.

All but one of the teachers' unions on the Burnham negotiating committee, as well as the local authority employers, are incensed by the Government's refusal to allow the unions' 36.5 per cent claim to go to the Pay Comparability Commission on terms agreed by the committee a week ago. A total of 482,000 teachers in England and Wales are involved in the claim.

The Government's main worry is that the terms of reference tied the commission's study to the pay relativities established by the 1974 Houghton Inquiry. Ministers are concerned lest this sets a precedent by which "special cases" under past incomes policy become resurrected as "very special cases" under the new pay machinery.

Mrs. Shirley Williams, Secretary for Education and Science, emphasised yesterday that if the unions would agree to postpone the question of a commission reference until after the election, teachers could have the 9 per cent cash rise offered by the employers immediately, back-dated to April 1.

Since the Burnham unions' panel—which is controlled by the vote of the NUT—is now set on a commission study, Mrs. Williams' attempt to forestall the increase of school disruption over the next fortnight or more seems bound to fail.

An added complication is the threat of a strict five-hour day from May 8 by the 112,000-member National Association of Schoolmasters and Union of Women Teachers.

Mr. Terry Casey, general secretary of the NAS-UWT, is preparing to seek a High Court injunction requiring the pay dispute to be sent to arbitration under the Remuneration of Teachers Act, which provides for arbitration in the event of deadlock in the Burnham Committee.

Teachers in further education colleges and polytechnics are also to be asked to vote on possible strike action by their union — the 72,000-member National Association of Teachers in Further and Higher Education — over a 28 per cent claim.

Hyster to build £30m plant in Ulster

BY STEWART DALBY IN DUBLIN

HYSTER, a leading U.S. manufacturer of mechanical handling equipment, is to build a £30m factory in Northern Ireland which should eventually employ 600 people.

Announcing this Government-assisted project in Belfast yesterday Mr. Roy Mason, the Northern Ireland Secretary, said Hyster would be the seventh U.S. company to invest in Ulster in the past year, bringing total U.S. investment there to £550m at current prices.

About 4,100 further jobs are expected to be created by the seven companies, whose overall investment is of the order of £120m.

Hyster, which already has a factory at Irvine in Scotland, is to build its new plant at Craigavon, which in Ulster terms is a low unemployment area. It therefore qualifies only for a 40 per cent grant to help with start-up and capital costs.

The Northern Ireland Development Authority is believed not to be taking an equity stake in the project. Nor will it be making loans, so that if just training grants are added to the subsidy from the Commerce and Industry Department, the company will probably obtain about 50 per cent of the £30m in British Government assistance. This is equivalent to £25,000 per job.

The factory, which has been welcomed by trade unions and political leaders in Craigavon, will be situated on a 50-acre site owned by the Government but which can be bought by the company.

Mr. William Kilkenny, chairman of Hyster, which is based in Portland, Oregon, and has 11 manufacturing plants worldwide, said the company had made a thorough search for a new site throughout the world.

Among the reasons that Northern Ireland was finally chosen were the proximity to the Continent, the availability of a trained labour force and the generations of industrial tradition in the province.

Craigavon was chosen instead of the dominantly Roman Catholic Newry, where the Government had wanted the factory to be situated because of the closeness of Belfast docks. It is expected that 85 per cent of the plant's output will be exported.

Mr. Kilkenny said that the company had received offers from all the countries it had examined, including the Irish Republic where the Industrial Development Authority in Dublin also offered a tax relief scheme.

Mr. Kilkenny said, however, that you have "got to look beyond just the incentives to the general environment of availability of labour and the general infrastructure."

Regarding the troubles in Northern Ireland, he said that the Hyster team which had examined the Province had convinced him "that the troubles stop at the factory door."

News Analysis Page 8

Weather

UK TODAY

RAIN, windy, frost at night.

London, E. Anglia, Cen. N. and N.E. England
Frost. Sunny intervals.

Midlands, W., N. Wales, N. Ireland
S.E., Cen. S.E. England, Channel Isles
Rain. Very cold.

S.W. England, S. Wales
Rain. Sleet or snow on hills.

N.W. England, Isle of Man, S.W. Scotland
Squally showers. Very cold.

Rest of Scotland, Orkney, Shetland
Wintry showers. Snow.

OUTLOOK: Unsettled.

Long-range Weather: May is expected to be mostly warm and dry. Temperatures near average, with frost occasionally at night.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	16	61	Lisbon	S	21	70
Algiers	C	17	63	Locarno	R	10	50
Amsdm.	C	7	45	London	F	11	52
Athens	S	21	70	Luxmbg.	R	4	39
Bahrain	S	25	81	Madrid	S	15	59
Barcina.	F	15	59	Majorca	C	15	59
Beirut	F	28	82	Malaga	S	19	66
Belfast	C	6	43	Malta	S	18	64
Belgrd.	S	17	63	Mchstr.	F	7	45
Berlin	R	6	43	Melbne.	C	13	57
Biarritz	C	13	55	Mex. C.	S	19	66
Bmghm.	F	9	48	Milan	F	15	59
Blackp'l	S	8	46	M'ntreal	C	16	61
Bordx.	C	13	55	Moscow	C	16	61
Boulgn.	F	8	46	Munich	R	8	46
Bristol	S	10	50	Nairobi	S	20	68
Brussels	F	9	48	Naples	C	15	59
Budpst.	F	15	59	Nwcstl.	F	8	46
B. Aires	S	19	66	N. York	S	17	64
Cairo	S	35	100	Nice	F	17	64
Cardiff	F	10	50	Oporto	S	17	64
Cas'b'ca	S	19	66	Oslo	C	4	39
Cape T.	C	17	63	Paris	C	9	48
Chicago	C	6	43	Perth	C	30	72
Cologne	C	5	41	Prague	R	8	46
Cpnhgn.	F	8	46	Reykjvk.	S	-2	28
Corfu	S	18	64	Rhodes	S	23	73
Dublin	C	7	45	Rio J'o	C	26	80
Dbrvnk.	S	14	57	Rome	F	17	63
Edinbgh.	F	9	48	Salzb'rg	R	14	57
Faro	S	21	70	Singapr.	S	28	86
Florence	F	14	57	Stckhm.	S	8	46
Frankf't.	R	5	41	Strasb'g	C	10	50
Funchal	C	16	61	Sydney	S	19	66
Geneva	R	9	48	Tangier	S	21	70
Gibltr.	S	18	64	Tehran	S	15	60
Glasgow	F	7	45	Tel Aviv	F	32	90
G'nsey	F	9	48	Tokyo	R	19	66
Helsinki	R	8	46	Toronto	R	8	46
H. Kong	S	25	80	Tunis	S	22	72
Innsbr'k	F	14	57	Valencia	S	18	64
Inv'ness	F	5	41	Venice	F	15	59
Istanbul	S	22	72	Vienna	F	16	61
Jersey	S	10	50	Warsaw	C	15	59
Jo'burg	S	24	75	Zurich	R	7	45
L. Plms.	S	19	66				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Healey forecasts delay of over a year on wealth tax

BY JOHN HUNT

THE INTRODUCTION of a wealth tax could be "well over a year" away if Labour wins the election, Mr. Denis Healey, Chancellor, said yesterday.

He answered questions with the Prime Minister at the Party's morning press conference in London and indicated that there would be a fairly lengthy period of consultation before legislation was brought forward.

He would hope to publish a White Paper on the tax quite soon after the election. This could be followed by the publication of draft clauses for discussion, although this had not been finally decided. There was, however, a good case for doing so with a tax that would have widespread effects.

Mr. Healey pointed out that there would be administrative problems, such as the valuation of assets.

"Some of the physical arrangements take time," he said.

Mr. Healey was asked if the Labour leadership was firm in its intention to introduce the tax. He replied that it had not been introduced in the last Parliament only because the Government did not have an overall majority. He advised those who wanted the wealth tax to make sure that the party had an absolute majority this time.

Mr. Callaghan intervened to say that there would have to be some discussion about the details of the tax "so that we get the legislation right." But he added: "The merits of it are overwhelming."

The Chancellor also said that works of art would be excluded from the tax, provided they were of a certain value, and that the public had satisfactory access to them.

"But we shan't take a final view until we have had a response to the White Paper we shall be publishing," he added.

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Callaghan

Labour MPs had elected Clement Atlee and Hugh Gaitskell, what better evidence could there be of their sanity? he asked.

In a question-and-answer session on Granada television last night, the Prime Minister faced one of the most critical audiences of the campaign, 500 voters from the marginal seat of Bolton East.

He warned that under a Conservative Government, the "free for all" over wages of last winter would be repeated every year. "Are we not going to learn the lesson of this winter?"

The theme was followed through in his evening speech at Chatham, Kent, when he said Conservative policy was the road to higher prices in the shops, fewer jobs, and more strikes.

"To provoke conflict with the unions, and a free-for-all on pay is not a convincing alternative to the co-operation that alone can ensure fair and moderate settlements."

This theme is to be repeated until polling day in an attempt to attract the remaining uncommitted voters in key areas like the Midlands and the North-West, where the most marginals are at stake.

The latest private party polls continue to show a substantial Tory lead in the South, but hardening Labour support in the North.

The key to the result could well be the Liberal vote, which is showing signs of picking up, but too slowly to save Labour. Any decline in the Liberal vote from the high 1974 figures is likely to let the Conservatives in many English Labour-held marginals.

Continued from Page 1

Shell UK loss

their North Sea profits. Mr. Raisman did not name Lord Kearton but he referred to "tendentious and misleading statements about the high level of profits being made by the oil companies from the North Sea."

"The relatively low tax being paid at present is part of the system," Mr. Raisman said. "The level of tax was designed to enable the oil companies to recover the very large sums they paid at the outset of North Sea development. We in Shell UK are not in a profit-mink position and we are disturbed by some of the things that have been said."

He called for greater stability in the level of petroleum revenue tax and recalled that in 1975 the Government had said it would increase it only if there were a significant and sustained increase in the price of oil. But oil prices had not reached the level they had been in April 1975—in real terms—until the beginning of April this year.

Mr. Raisman said: "Tax stability will be a key element for us. The idea that tax changes can be made without due reason and without warning undermines our confidence. The special terms granted to BNOC over such things as farm-in deals are also a disincentive for the other oil companies to maintain a high level of investment in the North Sea."

Shell UK said the restarting of Iranian crude supplies and exports had "slightly alleviated" the oil supply position. But it stressed that supplies were still "highly unstable" and stronger efforts to conserve oil were "imperative."

Stock levels were down to the "Government's minimum requirement" of about 70 days' worth—5 per cent or 6 per cent lower than at the same time last year. Supplies would continue to be tight and stock levels next winter would be a problem.

THE LEX COLUMN

BHS gets fatter on less food

After four years of declining growth, the momentum picked up once again at British Home Stores last year. Having grown by 6 per cent in 1977-78, pre-tax profits rose by 24 per cent to £33.6m in 1978-79 — their fastest growth for over five years. With an extra £2m in depreciation and pension contribution charges, plus bad weather in the final quarter, BHS's performance is creditable enough.

Some of the improvement undoubtedly reflects the decision last year to reduce the group's reliance on low margin food sales. Nearly a third of BHS's food departments have been closed over the last 12 months saving around 400 jobs (mostly part-time). The extra space has been used to sell higher margin non-food merchandise and the benefits from this switch should continue to show through into the current year.

BHS's margins, which had been slipping for the last five years, recovered somewhat, in 1978-79 but they are still well over a fifth below the 1972-73 levels. Meanwhile, non-food sales volume rose by around 16 per cent of which 5 per cent reflected extra selling space.

BHS's decision to limit its food involvement and concentrate on its other businesses appears to be paying off. Operating costs should rise by around a fifth in the current year but with another 5 per cent of selling space coming on stream, a swing into profit at the SavaCentre associate and further volume growth, group pre-tax profits should be heading for £40m.

The shares have been out of favour for the last couple of years because of the hiccup in the growth rate. But they have recently started to outperform the market again and at 248p they are selling on a historic fully-taxed multiple of 14.4 and yield 4.2 per cent.

Tootal

At the interim stage Tootal's pre-tax profits were 9 per cent

Index rose 3.4 to 551.3

below the previous year's, so a fall of only 3 per cent to £21.1m for the whole year to end-January implies a change of trend, particularly as the haulage strike made January itself a very difficult month. Overall, the UK textile businesses had a fairly thin time, with a drop in exports, especially to the Comecon bloc, and a dull performance in thread and clothing. But this was made up for by good trading in North America and Australia. In the U.S. the industrial thread business is going strongly, while in Australia the new associate Bradmill chipped in nearly £1m after interest, and the other local businesses did well.

These two markets probably form the main base for Tootal's ambitions in the medium term, together perhaps with South-East Asia, although there the group is encountering problems with Chinese thread imports. In Britain, Tootal is pleased with the effects of the Multi-Fibre Agreement and there may be some improvement in profitability in the UK this year, but the effects of the strike will have carried through into March and the long winter has hurt the spring fashion business.

A property revaluation enabled Tootal to hold net borrowing at about 50 per cent of shareholders' funds; this year capital spending will be lower, and as the high stock levels built up over the strike are wound down, gearing should fall. It does not seem unreasonable to expect Tootal to make £25m this year, which puts the shares, up 2p yesterday at 50p, on a prospective fully-taxed p/e of 7½. But the current yield of 9.5 per cent shows that no miracles are expected.

John Laing

At the end of October Laing forecast 1978 profits would be above the previous year's £16m "in the absence of unforeseen circumstances": the unforeseen has arisen, largely in Iran. Add to this that Laing has provided for anticipated losses in the first quarter of this year, as a result of the bad winter, and the 1978 pre-tax figure falls to £14.8m.

There are other disappointments, too—the UK construction materials side has seen profits fall more than a quarter to £1.9m, the associates' contribution (partly from Saudi Arabia and Iran) was halved at £1.3m and the group has decided to write £4m off trade investments. Reduced estimates of the growth of the Swiss-based process engineer, Alltech, and of the future flow of funds from the Spanish motorway investments are responsible for this writing-down.

This year overseas orders are still poor, and while the UK building—and housebuilding—markets are satisfactory, civil engineering is likely to be depressed for some time and margins in the construction materials business are under heavy pressure. Not surprisingly, the company is not bazarding any further profit forecasts at this stage. Yesterday the shares, no longer cushioned by the old Laing group property interests, fell 6p to 75p where they yield 5.1 per cent on a fully-taxed p/e of about 6.

Lonrho/SUITS

Shareholders of SUITS should note that yesterday's response by Lonrho to the consortium offer to the Fraser trustees—"this tactic will not make Lonrho offer more"—does not actually rule out the possibility that the bid might be raised for other reasons. Meanwhile the Fraser trustees are taking their time to come to a decision on the 200p a share terms from the consortium. Other shareholders can safely allow the first closing date tomorrow to go by in the knowledge that Lonrho will not give up easily.

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